

MINUTES

BUDGET & FINANCE COMMITTEE

March 2, 2016

A meeting of the Budget & Finance Committee of the Council of the County of Kaua'i, State of Hawai'i, was called to order by Arryl Kaneshiro, Chair, at the Council Chambers, 4396 Rice Street, Suite 201, Lihu'e, Kaua'i, on Wednesday, March 2, 2016, at 10:28 a.m., after which the following Members answered the call of the roll:

Honorable Mason K. Chock
Honorable Gary L. Hooser
Honorable Ross Kagawa
Honorable KipuKai Kuali'i
Honorable Mel Rapozo
Honorable JoAnn A. Yukimura
Honorable Arryl Kaneshiro

There being no objections, the meeting recessed at 10:28 a.m.

The meeting reconvened at 10:42 a.m., and proceeded as follows:

C 2016-44 Communication (02/12/2016) from the Salary Commission, transmitting for Council information, the Salary Commission's Resolution No. 2016-01, Relating to the Salaries of Certain Officers and Employees of the County of Kaua'i for the Fiscal Year 2016-2017, which was adopted by the Salary Commission at its February 5, 2016 meeting.

- Salary Commission Resolution No. 2016-1
(This item was Deferred.)

Councilmember Kuali'i moved to receive C 2016-44 for the record, seconded by Councilmember Kagawa.

Committee Chair Kaneshiro: Contrary to how we have done things before, if we vote for a motion to receive, it means that we are accepting the Salary Commission's Resolution as-is. If we vote down the receipt, then it is saying that we are denying it. I just wanted to clear that up. Also, if we want to make it clearer later, depending on how the votes go, we can also vote on it and then see if we want to reject in whole or accept. That is another way to make it clearer so that we are not voting yes on the receipt, because it is kind of contrary to how we do everything else. Councilmember Kagawa.

Councilmember Kagawa: I have a process question for clarification. If this Committee receives this item, it still moves on to the next Council Meeting for a final vote, right?

Committee Chair Kaneshiro: Correct. No matter what we do here, it is still going to go to the full Council.

Councilmember Kagawa: At the full Council, how much votes would be needed to receive it in order for it to pass?

Committee Chair Kaneshiro: Four (4).

Councilmember Kagawa: Okay. Thank you, Chair.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: Would a motion to receive not allow any line-by-line modifications?

Committee Chair Kaneshiro: I think we can amend...

Council Chair Rapozo: Chair, I think what would happen is you would have to go down at seriatim with each raise. It would take five (5) votes to reject any specific raise. Basically, it is four (4) to approve and five (5) to reject. That would be the process.

Committee Chair Kaneshiro: I am sorry. I used the wrong word. I did not mean "amend." I meant that we could reject it in part, so we could go down each line item and vote.

Council Chair Rapozo: We are not allowed to amend.

Committee Chair Kaneshiro: Yes, it would be to reject in part.

Council Chair Rapozo: It is either you take that item or you reject it.

Councilmember Yukimura: So is the process then to reject something and then receive it? I do not believe they are compatible in that order.

Council Chair Rapozo: No. If you vote to receive the Resolution, then it is approving it in whole. In other words, everything would be approved.

Councilmember Yukimura: Right.

Council Chair Rapozo: You can reject in part. So you could move to reject, and then everything dies, or you could make a motion to reject in part and you would state the items that you reject or the components of the Resolution that you wanted to reject, which would require five (5) votes.

Councilmember Yukimura: But both are main motions.

Council Chair Rapozo: Correct.

Councilmember Yukimura: So we would have to dispose of the motion to receive if you wanted to do a motion to reject.

Council Chair Rapozo: Correct.

Committee Chair Kaneshiro: We would just withdraw the motion.

Council Chair Rapozo: Yes. It would start all over with a motion to reject in part, and then go on from there.

Committee Chair Kaneshiro: Councilmember Hooser.

Councilmember Hooser: So I am assuming that we are not going to be voting anytime right away because we need to take public testimony and talk about this, and restate this as we move down the path, because it is a complicated process.

Committee Chair Kaneshiro: Yes. I just wanted to bring it up on the front end first.

Councilmember Hooser: So a vote in opposition to a motion to receive is equivalent to a motion to reject, which we need four (4) votes. So it would be four (4) votes in opposition to receive as opposed to five (5) votes...is the motion to reject or is the motion to receive and it is up or down?

Council Chair Rapozo: A motion to receive needs four (4) votes. The motion on the floor right now is to receive. So if four (4) of us say "aye," then it moves on to the full Council. If we do not have four (4) votes to receive, which is to approve, then someone would have to make a motion to reject.

Councilmember Hooser: Okay.

Council Chair Rapozo: If we make a motion to receive and we do not get the votes and there is no motion to reject and if no action takes place within this body in sixty (60) days, the Resolution will pass without Council action.

Councilmember Hooser: Okay.

Committee Chair Kaneshiro: Councilmember Kagawa.

Councilmember Kagawa: Just to remind the Council and the public, the final vote that really matters is next week, right?

Committee Chair Kaneshiro: Right.

Councilmember Kagawa: Thank you, Chair.

Committee Chair Kaneshiro: Again, as far as our timing goes, we must act prior to April 5th, which would leave us with a Committee Meeting and another meeting to gather additional data. Again, if we do not make a decision on it and the sixty (60) days lapse, then it passes as-is. The plan is to have the Salary Commission come up. They wanted to say a few words. If we have questions, we will ask it then. The Administration also wanted to come up after, so we can also ask questions, and then we will open it up to public testimony. With that, the rules are suspended. Can the Salary Commission come up?

Council Chair Rapozo: Chair, I just wanted to make one disclosure before we get started. Due to the fact that my brother is the Director of the Department of Liquor Control, the last time this came up I recused myself from voting, because in my opinion, obviously, he is a member of my immediate family since he is my brother. So I recused myself, did not vote, and subsequently sent over a request for an opinion from the Board of Ethics, who came back and said that there is no conflict. I disagreed with that opinion. I think anyone would agree because he is my brother, so I will not be participating in the discussions or the vote as it relates to the Liquor Control Director. I just wanted to state that upfront because I cannot imagine how the Board of Ethics could say that it was not a conflict. Anyway, I just wanted to get that on the record. We will prepare a letter for the future as well. Thank you.

Committee Chair Kaneshiro: Thank you. Please state your name.

There being no objections, the rules were suspended.

CAMILLA MATSUMOTO, Member of the Salary Commission: First of all, I wanted to say good morning and thank you, Councilmembers, for the attention that you have paid to this Resolution. I have here to submit to you, a letter from Gerald Matsunaga from the Liquor Control Commission, as I was asked to deliver that. I wanted to say something last week, but it was quite busy so I did not get a chance to, so I appreciate the time here. First of all, I ask that you vote in support of the Resolution. You have read the packet and this is just possibly for others who are here today. I wanted to explain our role as Salary Commissioners. On this handout that was presented, the Salary Commission, by County Charter, is responsible for setting maximum salaries for elected officials and appointed directors and deputy directors for the County of Kaua'i. That was our scope of our discussions in how we arrived to create the resolution before you. I also wanted to read this one part about the preamble that we also submitted and wanted to say that we are very proud to present this to you. In the first paragraph of the preamble, we are saying that we view ourselves as part of a collaborative compensation system with a goal of attracting and retaining public servants of the highest caliber and quality to provide optimum service and lead the County of Kaua'i. This is really important here. This is the scope of our responsibilities. We recognize that our recommendations merely set maximum limits and defer to managers on the ground to determine where their direct reports should fall under those limits. In the resolution that we submitted, in Section 2, we say this again: "The respective appointing authority may set the salary of any new or existing non-elected

appointee at a figure lower than the figure established for the position in this Resolution. Elected officers may voluntarily accept a salary lower than the maximum salary established by this Resolution for their position or may voluntarily forego accepting a salary." The Resolution is about a cap. It is not guaranteed that everyone is going to get that cap. I know from last week that you understand how much we went through to come to this Resolution and we even...I have to speak for myself as well...financial considerations were also taken into account and we were sensitive to that because it is very delicate. Do you know that term that you have to go home and sleep well at night? Well, I did not do that. I went home and I did not sleep well for a long time. I really had to reflect on why I was on the Salary Commission. I am on this Commission because I want to make a positive contribution to a place that has given me a lifetime of extraordinary experiences. I was raised in what my father called a "Hawaiian village." When I was little, around two (2) to three (3) years old, all of my friends were Hawaiian. They taught me the rhythm of the ocean and I got so good at it that I could tell you when the tides were going to be low, when the surf was going to be high, and what time it was to go home. I do not know what they did, but they held my hands in the water and we moved with the ocean. I mention this because we are who we are from our experiences and that is one of the richest experiences I have held with me and it has carried me forever and it will forever, and it is one reason why I want to make a contribution. I want to give back because I feel like I owe this island everything. With that, the preamble also made mention of change to come and I would say the next five (5), ten (10), to fifteen (15) years are extremely critical. Do you know how you go about in life when you are at the bank, which is what happened to me a couple of weeks ago before last week's meeting—I am sitting there waiting for my meeting and I come across this National Geographic article on climate change. I have not finished reading this. I want to say that while there is a lot that needs to be done, it is positive. Climate change is not the only issue involved with this Resolution, but it is important. Like what was mentioned the last time, the house needs to be fixed; the global house needs to be fixed, the global culture needs to be fixed, and the Kaua'i house needs to be fixed along with that, as well as the Kaua'i culture. The Resolution provides leverage to implement services to fix the house and is a key partner with the forthcoming updated General Plan, which will include in detail, the various services needed to bring back and maintain a healthy and safe Kaua'i. So that is why I can be on this Commission and that is why I support this Resolution. One of the things I really love about Kaua'i, and I have learned so much from this place, is the children. I do not know if you know this, but it is so easy to talk to children here. You say "hello," they smile, and they say "hello" back. I am doing this for the children of Kaua'i. It is for the future. I think that with a resolution like this, we can retain and maintain quality managerial workforce to help provide a healthy and safe community for our children. That is what I wanted to say.

Committee Chair Kaneshiro: Is there any more comments or statements that the Commission wanted to make?

Councilmember Yukimura: I have a question. Camilla, thank you very much for your very heartfelt testimony. You started out by reading...was it the vision? I just wanted to know where it came from.

Ms. Matsumoto: In the packet last week, there was a PowerPoint presentation and it sort of looks like this here, and the responsibilities are stated in the first paragraph.

Councilmember Yukimura: Okay. Thank you.

Committee Chair Kaneshiro: Any questions for the Salary Commission from the members?

Council Chair Rapozo: I have one question.

Committee Chair Kaneshiro: Council Chair Rapozo.

Council Chair Rapozo: Thank you for being here. Did the Commission ever think about rather than setting salaries at a specific number to deal with the inversion issue, that you would set a requirement that they would get a raise or their maximum salary would be adjusted with an increase that was equal to what their counterparts, their workers in their organization, or their department receive? So in other words, if Collective Bargaining granted a six percent (6%) raise in that year, that the maximum salary of that department head would go up six percent (6%); not guaranteed, but that would be the new ceiling so that here would be parity rather than coming up every so many years with a resolution that would hit the taxpayers with this mega expense? Was there ever a discussion about that or was it always just limited to what is the right maximum salary?

ROBERT CROWELL, Member of the Salary Commission: Bob Crowell. I do not think we ever had that type of discussion. I think in our minds though, and I am not speaking for everyone, but in my mind you are only talking about a percentage increase as a bargaining unit would get. It would not preclude the inversion. I think what you may be saying is would we give the...let us say the Chief of Police—his salary would be above the highest employee base pay. At this point, if the entire Kaua'i Police Department (KPD) got a six percent (6%) increase, he would still be below the highest-paid bargaining unit employee if we only give him a six percent (6%) increase. I think you might have been saying to give him what the highest-paid bargaining unit employee would receive—I think that would put him above the Mayor and everyone else in the County. I do not think we ever had that discussion. I do not want to put words in your mouth, but I am not sure if that is what you meant.

Council Chair Rapozo: I was just thinking about this over the last week. It is very difficult to find out what that right salary is. As I look at the list, and I think I brought up my concerns last week as it related to attorneys versus other directors or department heads that do not have the necessary requirements that the attorneys, do but yet they receive the same pay. I am not sure. It is a tough one to solve. That is all I have. Thank you.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: Thank you. I just wanted to add a bit of history. Early on when I was on the Council, the executive-level salaries were set based on the highest-paid civil servant. At that time, it was Keoji Masaki in Engineering, and the result of that rule was so outrageous that the public filled this room because the salaries got so high. Also, you did not have the lateral equity. If you did a version of that where because the Collective Bargaining impacts are so different, you would have department heads having highly different salaries, so you would not have the horizontal equity so to speak. In fact, if I remember correctly, that incident and that system led to the creation of a Salary Commission because people wanted to do it by a formula, so it did not require any discretion so they just pegged it to the highest paid civil servant. Chair Rapozo's ideas are not unexpected because everybody is looking for a way to set it easily. But it led to so many other distortions and outrage from the public that it was deferred and a Salary Commission was proposed and I think eventually got into the Charter. That is the system that we have been working with since then. If somebody else remembers differently, please correct me.

Committee Chair Kaneshiro: I have a question. I was not here last week, but I did watch you on television the other night. I do not think I had clarity on this, but there was a comparison done with other counties as far as mayor-to-mayor and it said that is what County's current salary was; is that what their current ceiling is or is that what they are currently getting paid? If it is what they are currently getting paid, do they have a ceiling higher than that? It was the comparison of our Mayor to other counties at last week's meeting.

SHERI KUNIOKA-VOLZ, Vice Chair of the Salary Commission: Hi. Sheri Kunioka-Volz. The salaries for the other counties were the actual salaries. We do not know if that is the cap or not. We would have to do research on that.

Committee Chair Kaneshiro: Okay. Thank you. I have another question. As we are setting the ceiling, I do not know if the Commission had a conversation on what the expectation is. When we set this ceiling, are we setting a ceiling that we are saying, "We are just trying to get them to where they should be today," or are we setting a ceiling that the County should be working up to for the next couple of years? Are we saying, "We are setting a ceiling that is high enough so that if the other counties increase, then we will end up equal?" Do you have any comments on that? For us, I think the fear is we set the ceiling and tomorrow everyone's salary goes up there. Is that the intention for a ceiling at that rate? Was that to get them to where they should be today or is it supposed to be a gradual increase?

Council Chair Rapozo: Chair, I think if you look at "Exhibit A" in your binder, it is very evident what happens. Everyone gets to the maximum, except for the attorneys for some reason. I am not sure why.

Committee Chair Kaneshiro: I do not mean to put you on the spot. For me, I am just wondering the intention. If we are setting this ceiling, it is the intention that we are setting this ceiling and we think it is fair that tomorrow if they are at that, then everybody is happy or does it gradually increase to that point over a few years? I just want a little bit of understanding on how we get to that

point. Obviously, our biggest fear for us—if we are saying this ceiling is to get them to a certain point in the future...maybe tomorrow they will say...if it gets passed tomorrow, they will say to everybody...is that the ceiling...

Ms. Matsumoto: When I mentioned leverage, what I meant was the cap would give the County leverage, to compensate people for their expertise as needed, which I think is really critical because there is change to come. We are already seeing it. I live on a very quiet street and yet I hear ambulances, fire trucks, and police sirens all the time, certainly much more than before. We have more people driving on the islands and our infrastructure is maxing out. For me, it is the leverage to be able to solve these challenges that we are facing today so we are able to hire the expertise that we need. That is a partial answer to your question. Also, when I read the preamble, we are leaving the decisions of salaries to managers at the different levels. It does not guarantee that everyone is going to have a raise; it is just that we are raising the cap.

Committee Chair Kaneshiro: Okay. We do have the current salaries that everyone is getting and I know it has been a lot of time, so everybody is probably at the maximum already. I am just trying to get a feeling. If you folks gave us this recommendation and during this next budget session, if everybody is at the ceiling, is that what the intent was? Are we still happy with that?

Ms. Kunioka-Volz: Do you mean if we are going propose another increase?

Committee Chair Kaneshiro: No, I am just saying that with the ceiling...in this next budget session...if this thing passes, they can increase everybody's salary to the ceiling. Obviously, it is not the intention of the Salary Commission to say, "Yes, this is automatically what the numbers should be," but if it happens, is that a number that the Salary Commission would be comfortable with? Is it something that they should be working up towards? Maybe some people should go to the maximum ceiling?

Ms. Kunioka-Volz: I believe this is a catch-up. We are just trying to catch-up with what the other counties already have.

Mr. Crowell: As well as the Bargaining Units. I think we explained it that the Consumer Price Index (CPI) has gone up accordingly, so if they do go up, we think that is what they do deserve, whoever the manager is. If it goes to that ceiling, we are comfortable with that.

Committee Chair Kaneshiro: Okay.

Mr. Crowell: For me personally, and this is a question I asked at the Commission: "Can this County afford it?" I think you folks should hold the Administration hostage on that to make sure that they can. We think they can and I believe they can.

Committee Chair Kaneshiro: Any further questions? Councilmember Kagawa.

Councilmember Kagawa: I have two (2) questions. The first one is just a general question. I understand the rush to make things right and to take care of the inversion, but I guess my question is what is the rush of doing this when we have not even hit budget? One could say that all Department Heads and the Managing Director that accepted the job when the Mayor got reelected knew what the salary was. I do not think they were told that two (2) years from now that they were going to get a raise. One could ask, "What is the rush of doing it now?" If we want to attract better candidates or whatever, then let us increase the salaries when the next election comes up so that the Mayor will have competitive salaries to go and hire his new team.

Ms. Kunioka-Volz: I think part of our problem right now is retention. We are having problems retaining the executive-level.

Councilmember Kagawa: Can I get "Attachment E" on the overhead? In this attachment, you showed the salary inversions by department. If you look at the first one you have, it is the Director of Finance, 2015 highest paid is one hundred four thousand dollars (\$104,000) and the Director of Finance is at one hundred one thousand dollars (\$101,000). That one is not too bad, three thousand dollars (\$3,000) difference. When you go down to the Police and the Fire, if you look at the 2015 base, there is only two (2) people making more than the Chief with the base salary, the two (2) Assistant Chiefs, and a lot of the big difference, and the public has gone crazy about this ever since we heard that one hundred seventy-one thousand dollar (\$171,000) figure. The public is asking, "Why is there such a large gap?" It is plain to see that it is the overtime. Is overtime causing the salary inversion for Police and Fire? If we better manage overtime, would the inversion not be as bad?

Mr. Crowell: I think the Administration will answer it eventually, but just from my knowledge of it, the base salary of a bargaining unit employee in the Police Department, I think the highest base salary is still above the Chief.

Councilmember Kagawa: Yes. You can clearly see that in 2015, there were three (3) people making more than the Chief...or two (2) people making more than the Chief, and in 2017, there will be four (4) people making more than the Chief accordingly to base salary, but it is the overtime. If you look at the overtime column, the "Other Pay" is where the problem exists. I do not know if for parity reasons, we should consider allowing the Chiefs to make overtime. We will never catch up. If you look from 2015 to 2017, one (1) person goes up in base pay fifteen thousand dollars (\$15,000) and the other person goes up sixteen thousand dollars (\$16,000). Each year, they are going up eight thousand dollars (\$8,000). In order to catch up salary inversion, I do not know how to fix that. Maybe it can fix it this year, but next year we are back to salary inversion again. I am just thinking that if we are truly trying to fix salary inversion, this is not going to cut it. One hundred twenty-seven thousand dollars (\$127,000)—next year, you have three (3)

guys back over again. It is very difficult for me. If you look at the Fire Department, the Fire Captain made fifty-four thousand dollars (\$54,000). He made more than half of his salary in overtime. Is that normal and what we can expect or do we feel like we can cut the overtime through management? I do not know if the Salary Commission is...I hope that we can look for a more sustainable long-term solution in trying to work with the Administration and the Department of Finance. I think the public is feeling like these salaries and overtime are beyond what the taxpayers can pay. It is out of hand right now. I know it is a union thing, but going forward to be sustainable and to consider an eight hundred dollar (\$800) request right now and not trying to fix the major problem, I think, is working backwards because it is not sustainable. I do not know how we are going to do it. You look at the overtime columns there and I am seeing that for Police and Fire, we will never make up what the Chiefs should get to get over that if we cannot control what is going on in that column. That is where I am at.

Committee Chair Kaneshiro: That may be a question for the Administration when they come up because they provided this to us. Any more questions for the Commission? Councilmember Kualii.

Councilmember Kualii: *Aloha.* Thank you for all of your work. I, too, missed last week's meeting. We were in Washington, D.C. at the Legislative Conference. I wanted to know all of the materials that you have provided us, that is the materials you used to come up with these figures. Was there any additional material and information that you used to justify these numbers? If there is, can you provide that as well? We were provided these exhibits last week, so I have them. One document shows the different counties. How did we line up with the other counties? Did we decide that our rates should be higher than Maui, but lower than Hawai'i Island? In fact, we are actually higher than Hawai'i Island as well, except for one (1) position, which is the Deputy Director of Finance. We hear a lot of talk about inversion, inversion, and inversion and we are looking at ourselves, across departments and within departments. It seems to me like a part moves and the rest has to move and we are constantly, because of inversion, trying to shift everything up. I do not know how else you deal with inversion, but I know that it is not just inversion that you are using to make these decisions. What are the other pieces of materials and how did you use it, like for example, this specific one regarding comparisons to other counties? Are you just providing information? Did you use this to make a decision?

Ms. Kunioka-Volz:

We did use this. This was provided to us.

Councilmember Kualii: So was there ever a point where the Salary Commission decided, as a principle, that our County, in comparison to the City and County of Honolulu, the County of Maui, and the County of Hawai'i, where we should fit in the salary range based on our population, based on the sizes of our departments, and based on the services that we provide? For me, and I remember this from the last time, I had a hard time approving any kind of increases until I saw real data. In the past, I think there was talk about real data with regards to some Nash study or something. Have there been any new studies? That study is

kind of ancient. How old is it? Over ten (10) years old maybe? Fifteen (15) or twenty (20) years by now. I do not know. When was that Nash study done?

Mr. Crowell: It is about ten (10) years old. I think we answered that last week. Sheri mentioned that we looked into that, but it was kind of cost-prohibitive.

Councilmember Kualii: Cost-prohibited to do a new study?

Ms. Kunioka-Volz: Our focus is primarily on parity within the State, too, between the other counties. We were able to get the Nash study data locally. We did not have to hire a consultant for that.

Mr. Crowell: There were also discussions in our meetings about the Department of Public Works Department Head in our County versus the other counties. The City and County of Honolulu has an Environmental Director. Hawai'i Island does not have trash per se; they have their landfills, but they do not have door-to-door trash pickup and things like that. I think what you are looking at, the way we got the increases was the CPI and we took it from the last pay raise that they had and we looked at each year. I believe that is what gave us the close to twelve percent (12%) increase. We took the CPI throughout those years.

Councilmember Kualii: Would you not agree that applying the CPI, which is just a percentage increase across the board, only works if the base that you are looking at to begin with is where you think it should be? If you are considering these other counties, for example.

Mr. Crowell: Well, the base we had to work with was all that we had.

Councilmember Kualii: Right. But part of the adjustment to make a change is to correct the salary and if the correction is down versus up, then you could make that recommendation, too, if you had the data to back it up. My question here goes back to the same basic appendix, "Appendix A," where we are comparing the different counties. Clearly, Kaua'i in no way should be compared to the City and County of Honolulu because they are just a whole different animal. Though, Hawai'i County and Maui County is probably more similar to us than the City and County of Honolulu, just because the City and County of Honolulu is a huge city, right? Did we look at and how are we saying that some of our positions are paid higher than the County of Hawai'i and some of them are lower? They are all lower than Maui, so for whatever reason because maybe Maui is bigger and they have a bigger service level. I would think that we are probably more comparable to the County of Hawai'i, but some are higher and some are lower. There is no consistent application on what we agree on. Maybe you have looked at it in specific by item...but it is just one example of the type of deeper comparative analysis and justification that I kind of want to see before I can be supportive. That is just one example for now.

JAY FURFARO, Boards and Commissions Administrator: Committee Chair, I would like to address that. I think the Commission did touch on those items. I do have some other material here that I can give you. In particular, I only have one (1) copy that I brought with me, but your staff can make some copies. This compares the different engineering divisions across the County. For example, engineering responsibilities on Hawai'i Island do not relate to the fact that they do not have a trash pickup in their community. They actually have to deliver it to the landfill as individual citizens. Obviously, the differences in Maui include that they have Public Works Engineer, but they also have an engineer that handles environmental services such as wastewater and so forth. They also have a separate engineer that handles waste materials as it relates to the collection. Some of these counties have fewer services in their scope, while other counties have additional people with the expanded scope. The material I just gave you deals with water, Public Works, and so forth. We do have other survey material that focused on that material, but to answer your question today, you do have that copy and I will give the chair back to the Commissioners.

Committee Chair Kaneshiro: Any further questions for the Commission? Thank you. We will have the Administration come up. They provided a binder with answers to some of the questions from last week.

NADINE K. NAKAMURA, Managing Director: Good morning. Nadine Nakamura, Managing Director.

KEN M. SHIMONISHI, Director of Finance: Ken Shimonishi, Director of Finance.

JANINE M.Z. RAPOZO, Director of Human Resources: Janine Rapozo, Director of Human Resources.

Ms. Nakamura: I have a few remarks, and then we will open it up to questions and answers in response to the questions raised by the Council last week. First of all, I just wanted to thank you for the opportunity to speak today and for putting this on your agenda. When I first ran for County Council, I took a two-thirds (2/3) cut in my pay and people thought I was crazy. But my family and I made sacrifices so that I could have the opportunity to serve the public in a different way. Again, I thank each and every one of you for your service. The public sees you every week in this room, or on the computer, or on the television, but they do not see the work that happens behind-the-scenes to get the business of the Council and your initiatives accomplished. I also wanted to mention that when I became the Managing Director, my pay doubled. It is still lower than my private sector consulting practice, but I made that choice. I work about twenty (20) to fourteen (14) hours during the day, and then some on weekends like many of you. I would like you and the public to know that our Mayor works much harder than myself because aside from overseeing the County and its operations, he also spends every weekend going out into the community and connecting directly with Kaua'i residents. I also wanted to speak on behalf of the appointed department heads, deputy department heads, and attorneys of the County of Kaua'i—after two and a half (2.5) years as Managing Director, I am in the unique positions to share my

thoughts about the men and women who serve in cabinet positions and who are the subject of this Resolution before you.

First, I want to speak about their professionalism in their given fields, whether it is winning of National Valor Award for rescuing one hundred twenty (120) stranded visitors or winning the American Planning Association Award for the South Shore Development Plan, or competing with other counties and obtaining competitive tax credit awards, and obtaining financing for four (4) affordable housing projects in the span of five (5) years; your department heads are leading their respective departments to achieve incredible outcomes for this County.

Second, I would like to talk about collaboration. Our department heads are breaking out of silos and are collaborating in new and exciting ways, whether it is working with community-based groups to develop stewardship agreements to protect our special places, working with each other and even including the State to try to improve our building permit process, securing over two million dollars (\$2,000,000) in 911 funds to improve our KPD Records Management System. All of these actions and partnerships mean that we do our jobs more efficiently, we provide better services for the public, and reduce the cost of County government.

Third, your department heads proposed and this Council approved, over five million dollars (\$5,000,000) in cuts to the County's Operating Budget last year. As you know, vacancies are not automatically filled as they were in the past. Department heads are looking creatively how to best deliver services by eliminating positions, re-describing positions based on 21st century needs, and rethinking the way we do our work. Departments are constantly looking for efficiencies. They are not satisfied with the status quo; things like implementing electronic procurement, training our supervisors to avoid bad management decisions that lead to costly and protracted litigation, and getting laptops so that our liquor inspectors can do their job in the field more efficiently, creating a tree-trimming crew, carving out a levee maintenance crew out of the existing workforce, and tackling sewer delinquent accounts in a systematic way. Our department heads know that in this fiscal environment that we have to do more with less, be creative with the resources that we have available, and that our end goal is to better service the public. I believe that Mayor Carvalho has assembled a topnotch team of smart, committed, and dedicated public servants. They work long hours to get the job done for the County, including problem solving on weekends, evenings, and during emergency operating center activations. I often have to tell them that when I am checking E-mails at night that they need to get to bed. They are professionals in their respective fields. They care about the public and the community, and it is reflected in the work they do each day. While their employees have received pay increases between twelve percent (12%) and twenty-nine percent (29%) over the past seven (7) years, they have not received a single increased, and while their employees receive overtime and compensatory time, they do not. Please note that the Deputy Fire Chief and the Deputy Police Chief positions have been vacant for over one (1) year. There is very little financial incentive for the rank and file to take a cut in pay to take additional responsibilities. Similarly with the recent vacancy in the Department of Public Works, division heads with engineering licenses that qualify for this position and are most suited to move up the chain would not want to take a cut in pay with

increased responsibilities. So while the Resolution may not remove all of the salary inversions, it goes a long way to provide fairness and equity into the County compensation regime. There are many reasons for department head departures, but please note that the two (2) most recent department heads who left the County secured positions with higher salaries.

In closing, I do not think you will find a more dedicated and selfless group of public servants and I feel very honored to having the privilege of working with this team. Please give us the opportunity to increase their pay, catch up, and I believe it is well deserved, fair, and long overdue. Thank you.

Committee Chair Kaneshiro: Thank you. Any questions from the Members? Councilmember Hooser.

Councilmember Hooser: Good morning all of you. This may have been answered already, but it is not clear. Why is this not presented in the context of the budget? When the budget is presented, it seems that it should all be a part of the budget.

Ms. Nakamura: Well, I believe according to the Charter, the Salary Commission has until March 15th to submit their proposal. That was one of the options that were available. I believe last year it was submitted very early in the process in January, and the idea here was to submit it very close to the budget process. It is kind of a "chicken and egg" thing. If we had put it in the budget without having some deliberations with the Council, there may have been the feeling that we are assuming that the Council is going to approve it. So the Salary Commission did its work and it just happened to be very close to the budget submittal. As we were working through the budget that will be submitted to you on March 15th, we are taking this into account. We are going to share with you how we intend to cover this, because I think that was one of the questions from last week.

Councilmember Hooser: So on March 15th, some of it will be folded into the budget presentation?

Ms. Nakamura: We wanted to get a reading from the Council as well to see if it is all of it, none of it, or partial, so that we have time. We are in decision-making ourselves on the budget that is going to be coming over here on March 15th.

Councilmember Hooser: I can wait for the answer to my next question if I need to also, but do you anticipate fee or tax increases in the next budget?

Ms. Nakamura: I will ask our Director of Finance to answer that question.

Mr. Shimonishi: We have not proposed any fee increases, nor any tax rate increases, but obviously assessed values move and so forth, and the projections of those do indicate a slight upward trend in our real property. As you

know, the Transient Accommodations Tax (TAT) remains flat at best. Other than that, we are not proposing any fee or rate increases.

Councilmember Hooser: So if I could restate, it is possible or likely that property taxes will go up because of assessments going up, but the Administration is not proposing any rate increases.

Mr. Shimonishi: That is correct.

Councilmember Hooser: Okay. Thank you.

Committee Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: Thank you. Just a follow-up on this. There is a response here that talks about the moneys saved from the gas collection that could be used to pay for the increases, six hundred thousand dollars (\$600,000) or so. That is for 2017, but what we are expecting to see on the 15th is how you intend to attribute those costs moving forward. I am a little unclear if this going to be for the following budget.

Mr. Shimonishi: So in the proposed 2017 budget that is forthcoming, one of the areas we identified in our response is that the financial assurance appropriation amount, which last year was one million one hundred sixty thousand dollars (\$1,160,000), that amount is significantly reduced to five hundred thousand dollars (\$500,000). It is reduced because we were able to obtain approval on State Revolving Fund (SRF) loans to finance the gas collection system, and that could be spread out over twenty (20) years at a one percent (1%) interest rate. The drawdown on that or the debt service payments would not start until Fiscal Year 2018. For Fiscal Year 2017, we can realize a direct reduction in our budget of some six hundred sixty thousand dollars (\$660,000) as we put in our response. Going forward, we anticipate that reduction to be some three hundred thousand dollars (\$300,000).

Councilmember Chock: Okay. So sustaining these increases thereafter, do we have an accounting of that as well?

Mr. Shimonishi: Again, we would realize the three hundred thousand dollars (\$300,000) going forward because we are financing this on a long-term basis, and the balance obviously would just be worked into part of our budget process as we do pluses and minuses. We are always asking departments to look at their budgets, scrutinize, and then obviously Council review.

Councilmember Chock: think our Chair asked about whether or not these will be maxed out. It seems to me that they will be taken to the limit immediately, but I just wanted to clarify if that is true. Is the intention that we would move toward, hitting the ceiling immediately on these increases? If not, how would you make that determination?

Ms. Nakamura: I think it will be looked on a case-by-case basis. There are a lot of appointees who have been with the County since the beginning of the Mayor's term. A lot of the attorneys would be looked at individually. Some of them are newly hired, so they would not go to the top of the scale and that, we would leave to the Prosecutor and the County Attorney to decide on those salaries. We will be looking at three (3) major criteria: one is the length of service, the second is the Job Performance Reviews, and third will be the accomplishment of goals set out for that department.

Councilmember Chock: Thank you.

Committee Chair Kaneshiro: Council Chair Rapozo.

Council Chair Rapozo: Ken, what was the anticipated increase in real property tax revenue this year?

Mr. Shimonishi: Currently, it looks at about a little over six million four hundred thousand dollars (\$6,400,000) to six million five hundred thousand dollars (\$6,500,000) is what I believe we are estimating.

Council Chair Rapozo: Technically, we are not getting a tax rate increase, but we are definitely getting a tax increase. The people would be paying six million five hundred thousand dollars (\$6,500,000) more in property tax.

Mr. Shimonishi: Well, I think we need to further look at what categories they are coming from because there has also been new development like the new Safeway and the new Longs Drugs. Overall, I think if you are looking at people paying as what I am interpreting as the Homestead class, I believe our initial numbers looked like they went up less than two percent (2%). I think one point eight percent (1.8%) or something, with additional properties going into that category. Again, further analysis, but obviously new development as well.

Council Chair Rapozo: Then following up Councilmember Chock's question about the gas collection system, I think you said that this is...we will see an annual savings of about three hundred thousand dollars (\$300,000) going forward, right? Is Solid Waste currently subsidized by the General Fund?

Mr. Shimonishi: Correct. So what that means is that we would technically be able to reduce our General Fund contribution into Solid Waste because that would be a reduction in the Solid Waste appropriations. So ultimately, that is a savings to the General Fund.

Council Chair Rapozo: I guess that is one way of looking at it. I think Councilmember Hooser asked the question about there being no more fees or tax increases submitted in the budget, but as far as the budget as you are preparing it today, is it including these raises already?

Mr. Shimonishi: We have not actually entered those numbers in. I think we are waiting to see what the read was. I guess it would be

presumptuous for us to put those in prior to even seeing the recommendations and the Council's action on it.

Council Chair Rapozo: So the sustainability of the cost of the raises going forward—you have three hundred twenty-nine thousand dollars (\$329,000) from the Solid Waste Fund, but aside from that, where is that remainder coming from? Is it going to be absorbed in the budget? I guess the real question is was there any attempt to consolidate the workforce and reduce the number of employees going forward?

Mr. Shimonishi: Again, being absorbed in the budget and as far as reducing workforce, that is an ongoing endeavor continuing on with our Vacancy Review Committee and overall just part of the budget process, trying to keep in check the departments' requests against what we know is doable. If you are asking me specifically if we identified positions to eliminate to fund this, I would have to say "no."

Council Chair Rapozo: Okay. That was the question. That was the question I asked last week. Is there going to be a specific effort to take a look at reducing the workforce going forward to accommodate the pay raises? You just answered that. There was no specific look at that.

Ms. Nakamura: I am sorry, that question unfortunately did not come over from the Council, but we did initially take a look at every department to see whether they could absorb the costs within their departments. We have been working on the budget for the last couple of months so far. We have gone through the department reviews and so forth. Because the other labor-negotiated increases that we have to budget for...we have no choice...we must budget for—we have been looking at cuts in each of the departments, so we have to accommodate it. There are a lot of ways that we could present that information to you, but we just thought that this was one way to just show how we can accommodate all of them for this fiscal year. You will be seeing, in next few weeks, the complete budget that will show many other cuts within the departments, which we needed to do in order to give you a balanced budget. Again, it is still in the works. As Councilmember Hooser said, the timing of it is a little awkward, but we can assure you that in order for us to give you the balanced budget, we have to make cuts.

Council Chair Rapozo: Okay. I am not concerned about how we fund it in the upcoming budget. My concern is how do we fund it the budget after that, the budget after that, and the budget after that? Then we have the next Salary Commission Resolution one (1) year or two (2) from now and it is another recommendation for raises. What I was hoping to see was, "Hey, in perpetuity, we are going to free up one million dollars (\$1,000,000) in salaries because we did internal review of departments and we found consolidation, so we can actually do away with two (2) or three (3) positions. That is going to be used to fund these raises going forward." That is what I was looking for because this is a recurring expense. It is not a one (1) year expense. So for me anyway, we need to see how we are going pay for these funds down the road, year-after-year. That is all I was asking for. Thank you.

Committee Chair Kaneshiro: Councilmember Kualii.

Councilmember Kualii: Thank you for being here. My first question has to do with deputy positions. Out of the fifteen (15) departments, ten (10) have deputies and five (5) do not have a deputy. The ones without a deputy is Human Resources, Economic Development, County Auditor, Housing, and Liquor Control. How has the Administration decided which departments need deputies and which do not?

Ms. Rapozo: Deputies are not a chartered position, so I think through the budget process those are just processed through the budget as far as having that position in there. Currently, the Kaua'i Police Department also does not have a deputy and I believe last year the Fire Department dollar-funded their deputy. They currently both do not have deputies.

Councilmember Kualii: By "does not have," you mean that the position is vacant?

Ms. Rapozo: It is dollar-funded.

Councilmember Kualii: That was your remark, too, that because of the inversion, the salary is not high enough, so we cannot really even promote anybody in-house to that position because they are making more money in the job that they are doing. So if the deputies for the Fire and Police have been vacant for an extended period now, how is the job being done? Is it being done by an Assistant Chief of Police...there are four (4) of them in the Police Department, and probably by some other position in the Fire Department. At what point, if the position can be dollar-funded and if the issue is that we cannot hire anyone because the salary is not high enough, can we admit that the job can be done without that position, and that we eliminate that position? Like Council Chair was talking about, for the long haul, in order for some positions that you can justify increases because they are doing the job, managing large departments with lots of people, they do not have the support staff of assistant positions, and this is the position that we have control over, more or less, not so much with the bargaining unit positions—that is part of the give and take that has to happen, I think.

Ms. Nakamura: I think that is the discussion that is being had and I think we have the Chief of Police and Fire Chief here and they may want to add their insights to that discussion.

Councilmember Kualii: Okay. Thank you.

Committee Chair Kaneshiro: This is kind of a follow-up, but it is a question that Councilmember Kagawa asked earlier. In looking at "Schedule E, Other Pay," why do some of them have such a high number in there? Say like the Fire Captain, their base salary is ninety-eight thousand dollars (\$98,000) and they have fifty-four thousand dollars (\$54,000) in "Other Pay?"

Mr. Shimonishi: Again as part of the bargaining agreements that are made with each of these groups of the union employees, they are entitled to certain pay provisions whether it be overtime or in the Fire Department's case, rank-for-rank. In Police, they have their standard of conduct. All of those things attribute to them obviously making additional moneys, depending on the situation that arises. I think if you want to talk specifically about the management of those positions and what attributes those additional pay costs, then clearly I think the Fire Chief or the Police Chief would be better able to explain down the reasons for that. I think in years past in the budget, I know that Executive Chief Contrades has talked about the police overtime situation and I would not try to detail the events that leads up to those overtime costs or any other premium differential pay that gets folded into those employees.

Ms. Rapozo: Just to add to that, if you look at the responses on 2(b), the last paragraph, it does go over most of the different differentials that non-elected or non-executive appointees would be entitled to, which include overtime compensation, standard of conduct differential, subsidized vehicle allowance, night differential, split-shift differential, callout pay, meal allowance, uniform allowance, temporary differential, bureau incentive differential, K-9 handler pay, and hazard duty pay. That is all included in that column.

Committee Chair Kaneshiro: For me, it is just getting a better handle on how much of this number is fixed and how much of it is variable based on the collective bargaining. I know that in past budgets, there are comments that based on collective bargaining, they automatically get a certain amount of overtime, and of course, that would be a fixed cost. When I look at this number, it is hard to know what is fixed and what is variable.

Ms. Nakamura: If you take a look on page number 3 of the response, there is a little matrix there that shows some of the position numbers and then what some of the allowances are for appointees. If you take a look under the Police, the uniform and gun allowance is eight hundred dollars (\$800). It is at the bottom, the last row of the matrix. The standard of conduct pay is seven thousand nine hundred dollars (\$7,900) fixed. So these would all be fixed. Then if you have a subsidized vehicle, there is an allowance, and the subsidized vehicle allowance in this case is six thousand seven hundred forty-four dollars (\$6,744). Rather than the County purchasing the vehicle outright or leasing vehicles, we allow the officers to purchase their vehicle, and then we subsidize it. That would be some of the fixed costs. If you add that up, that is approximately fifteen thousand five hundred dollars (\$15,500). So those would be fixed.

Committee Chair Kaneshiro: When I look at Fire, the fixed number will be four hundred twenty dollars (\$420), but the other pay is fifty-four thousand dollars (\$54,000).

Ms. Nakamura: That would be just for the Fire Chief and Deputy Fire Chief, but the other employees would probably have a rank-for-rank.

Ms. Rapozo: Yes, the rank-for-rank would be an overtime situation, as well as if they are in the Prevention or Inspection Bureau, they get a bureau incentive differential per month. For those captains or those people in those bureaus, they would have that as a fixed cost. So the Fire additional pay is a little bit different from the Police.

Committee Chair Kaneshiro: Okay. I might need to call up the Fire Chief later or something, but maybe we will go through more questions. For me, I am just trying to get comfortable, knowing what these numbers are that we are looking at. You have somebody making almost half as much as their base pay in "Other Pay," so I just want to know how much of it is a fixed cost that is part of the collective bargaining and how much of it is variable. Does it make a difference if they end up having a deputy? Is that going to reduce any of these costs or is it not going to make any difference? That would be my follow up question to how variable are these costs and will it make a difference if we have a deputy. Is the deputy going to take some of the overtime that maybe the guys are doing? Does it make sense to have a deputy, rather than the guys working overtime and looking at the variable costs? I will come back to that. We will stick to you folks. Councilmember Yukimura.

Councilmember Yukimura: In your folder, which you presented to us today on question number 6 about the compounding or the simple addition of the union collective bargaining increases, you show Bargaining Unit's seven (7) year approved rate increases, which was in your PowerPoint presentation from last week. So you show that United Public Workers (UPW) over seven (7) years, a fourteen percent (14%) increase; Hawai'i Government Employees Association (HGEA) had a twelve percent (12%) with a step; State of Hawai'i Organization of Police Officers (SHOPO) had a twenty-nine point three percent (29.3%) with a step; and Hawai'i Fire Fighters Association (HFFA) had twenty percent (20%) plus step. I asked whether these were simple or compounded, and your answer was that they are simple. In fact though, budgetary impact is compounded, right?

Ms. Rapozo: I think the way the question was answered was whether or not that was the total percentages throughout the seven (7) years. So in that respect, it would be simple. If you are looking at the budget, then yes, each year you would be compounding that additional percentage.

Councilmember Yukimura: Whereas the CPI increases that you are proposing for the department heads are just simple increases, right?

Ms. Rapozo: That is correct.

Councilmember Yukimura: So it is "apples and oranges" in one sense.

Ms. Nakamura: In the end, the disparity is even greater because it is compounded.

Councilmember Yukimura: Correct.

Ms. Nakamura: If that is the assertion you are making, then yes.

Councilmember Yukimura: That is the point I was trying to determine based on your answers. So somebody had a three percent (3%) increase, and then the next three percent (3%) was of one hundred three percent (103%), whereas using the CPI increase for the managers is just a simple increase.

Ms. Nakamura: And a one-time application of the increase.

Councilmember Yukimura: Correct. Thank you for that clarification.

Committee Chair Kaneshiro: Any further questions from the Members? If not, I just want to get a little more clarification. I am just using Fire as an example because it is right here on the schedule. Can the Fire Chief come up or can anybody help explain to me in this "Other Pay" section, how much of it is fixed and how much of it is a variable cost?

ROBERT F. WESTERMAN, Fire Chief: For the record, Robert Westerman, Fire Chief. I guess in response to a couple of the different questions, some of the overtime pay, even though it is classified as overtime, is mandated in the Collective Bargaining Agreement. Part of their base salary includes overtime as part of their salary because they do not work a forty (40) hour workweek because they work a fifty-six (56) hour, so built into that every single day is four (4) hours of overtime. That is one of the examples. The other example of overtime is rank-for-rank. It is mandated in the Collective Bargaining. In fact when we had that come on Collective Bargaining, we reduced our overtime budget and shifted about eighty percent (80%) of that overtime budget cost into the rank-for-rank, but it is still considered overtime costs, and that is how we utilize it. When we need to utilize them on overtime, we utilize the rank-for-rank hours until they run out of rank-for-rank hours. That is what they call "scheduled overtime." Also included in all of the overtime costs are holiday overtimes, all the other overtimes that come in and you will see that is the "Other Pay," and then you have the premium pays which are a little bit different. That is how they are calculated in there. Hopefully that clears it up a little bit more.

Committee Chair Kaneshiro: Say if you look at the fifty-four thousand eight hundred forty-three dollars (\$54,843), "Other Pay 2015," the very top line for the Fire Captain.

Mr. Westerman: Part of that would be some of those calculated in there.

Committee Chair Kaneshiro: For me, I am trying to figure out what percentage of that or how much of that would be a fixed cost based on your collective bargaining, the guaranteed overtime, and how much of it is variable. Maybe it is all fixed. I do not know.

Mr. Westerman: The other list I have here does not even break it down to that amount for each individual. The individual you are talking about happens to be in a specialized unit, so his base pay has other things added to it and that is where some of the additional pay comes from. Councilmember Chock knows what I am talking about. I do not know the exact number for this first line item, but I would say in that overtime, four (4) hours of that every day that they work is overtime. All of their holiday hours are considered overtime and their rank-for-rank is considered in that number.

Committee Chair Kaneshiro: All of those are all mandatory anyway, right?

Mr. Westerman: Those are all mandatory in the collective bargaining.

Committee Chair Kaneshiro: As far as any variable costs in these number, there is very little or no variable costs.

Mr. Westerman: Very little. I do not have the number off the top of my head, but it is very, very little. We do not utilize a lot of overtime. All of the firefighters work some overtime outside of what would be rank-for-rank scheduled overtime. In other words, we have to have the position filled so someone fills it on overtime. For special projects and things like that, we use very little overtime. Again like I said, we have taken that overtime budget and moved it into rank-for-rank budget and utilized them on their rank-for-rank for our overtime when we can.

Committee Chair Kaneshiro: Councilmember Kualii.

Councilmember Kualii: Just as a follow-up, so because of how the scheduling is and how the contract is, you are saying that there is some dollar amount that is showing up in this column as "Other Pay," but really it is part of the automatic base pay.

Mr. Westerman: Yes.

Councilmember Kualii: So it would be more meaningful if it was in the right place or if "Other Pay" was broken down by the types of overtime. When we think of overtime, we just think of people working a forty (40) hour work shift, and then needs of the division or the department require additional time, so they work extra and they get paid extra. But the way the position is, is that they work three (3) days and off four (4), and those days are longer, so part of that pay has to be at a different rate. It is still really their regular schedule and their base pay.

Mr. Westerman: Right.

Councilmember Kualii: That is why you are saying that the real overtime is minimal.

Mr. Westerman: Yes.

Councilmember Kualii: But a lot of showing in this column of "Other Pay" because a lot of that really should be in the base pay in a way.

Mr. Westerman: That is the way the negotiations were held in the bargaining unit. I would love to see it all in base pay and only have true overtime.

Councilmember Kualii: For purposes of salary adjustments, you are talking about the base pay.

Mr. Westerman: Yes.

Councilmember Kualii: So whether they do it or not, I think for our analysis, we should make a spreadsheet that shows us that because that is what you have to justify to us and that is what you are working off of as far as inversion and what not; not all of the "Other Pay" but some of it.

Mr. Westerman: Right.

Councilmember Kualii: Probably most of it.

Mr. Westerman: If you remember last week, the conversation was, "Well, do I work overtime?" Sure, but I do not get compensated for it. The comment was made this morning, "Let us just give department heads overtime." I do not know if you really want to do that. I might say I love it because it might be very significant for me because I do not an eight (8) hour day, none of us do, and that is not the intention to try and make more money, I am just saying that it is just not the way our salary is structured, so we are trying to make this balance of how do we have this pay equity because of the inversion. In going back to the deputy, I do it and I tell you what, I am doing a lot of it because I do not have the deputy. So the workload just falls on me and the other staff and now they are doing more than they were anticipated in doing. You will see in the budget that we are making some recommendations for some changes in that so that we can get some help to make that happen. You are right. Just because it is dollar-funded, it does not mean that the work does not have to done. It just gets done by other people. Thank you for the concern.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: Good morning, Chief.

Mr. Westerman: Good morning.

Councilmember Yukimura: Rather, it is "good afternoon."

Mr. Westerman: Yes, it is afternoon already.

Councilmember Yukimura: You were saying that every day there is four (4) hours of overtime.

Mr. Westerman: That is part of their base salary.

Councilmember Yukimura: That is part of their base salary?

Mr. Westerman: Yes.

Councilmember Yukimura: Okay, so it is not at an overtime rate?

Mr. Westerman: It is at an overtime rate.

Councilmember Yukimura: Okay. Instead of eight (8) hours, they work twelve (12) hours?

Mr. Westerman: No, they work twenty-four (24) hours.

Councilmember Yukimura: Okay, twenty-four (24) hours and they get paid at regular pay for twenty (20) hours and then four (4) hours at an overtime rate?

Mr. Westerman: Yes.

Councilmember Yukimura: So they have a workweek of five (5) hours and...what did you say?

Mr. Westerman: Here is the perfect person to answer that question.

ROSE BETTENCOURT, Kaua'i Fire Department Administrative Officer: Rose Bettencourt, Administrative Officer for the Fire Department. The overtime that he is talking about is that they work in excess of four (4) hours every week. They annualized it and now it is in their pay as an add pay. Instead of what they used to call "black shift," now they get paid those four (4) hours, it is annualized, and it is in an add pay.

Councilmember Yukimura: So they work twenty-four (24) hours a day for a total of...

Ms. Bettencourt: Fifty-six (56) hours per week.

Councilmember Yukimura: Fifty-six (56) hours per week?

Ms. Bettencourt: Yes.

Councilmember Yukimura: That is sixteen (16) hours of overtime?

Ms. Bettencourt: No. The way their collective bargaining works is although they are working excess of what we would normally work for a forty (40) hour workweek, for them it is a standard. It is standard regular pay. The four (4) hours excess is what is called "additional pay."

Councilmember Yukimura: So we are paying them for fifty-two (52) hours...or fifty-two (52) hours is considered a forty (40) hour week standard, and then they get plus four (4) hours of overtime.

Ms. Bettencourt: Yes, it was something that was agreed upon in collective bargaining.

Councilmember Yukimura: Yes, and that is in their base pay?

Ms. Bettencourt: It is an addition pay, so when you look at the base salary, that is the base not including what we call "scheduled overtime."

Councilmember Yukimura: So the four (4) hours is not called "scheduled overtime."

Ms. Bettencourt: It is called "scheduled overtime." We call it "Standard of Conduct Differential (SOCDD)."

Councilmember Yukimura: Okay.

Ms. Bettencourt: To get away from having to calculate the four (4) hours of overtime pay, what they used to call "black shift," they came to an agreement whereby each firefighter would get what they call the "differential" or "Scheduled Overtime (SOT)" and what they did was we annualized it and it comes out to their hourly rate times...there is a specific calculation that we do. So we annualize it and it is paid semi-monthly in their paycheck as an additional pay.

Councilmember Yukimura: So it is not counted in this column as base salary.

Ms. Bettencourt: No, it is not.

Councilmember Yukimura: It is in fact included in the "Other Pay."

Ms. Bettencourt: We call it "premium." Yes, it is in the add pay.

Councilmember Yukimura: But on this sheet that we are looking at, it is in "Other Pay."

Ms. Bettencourt: Yes.

Councilmember Yukimura: Can you tell us how rank-for-rank works?

Ms. Bettencourt: Rank-for-rank is for ranking officers who are off of duty for vacation or another type of leave and a comparable ranking officer works in his place and this is considered overtime for the person who is working for the other official.

Councilmember Yukimura: Then on holidays it is double overtime?

Ms. Bettencourt: Holidays are not considered overtime because they are scheduled to work on that day, so it is called a premium, so it should be in the premium column or the extra pay.

Ms. Rapozo: They just have this one column on this sheet.

Ms. Bettencourt: Okay. The one I have looks different. Because they are already scheduled to work those twenty-four (24) hours, for each hour they get an additional pay rate, so that is considered premium. We do not call it overtime. For us, overtime is when you are not scheduled to work and you have to come to work. That is considered overtime.

Committee Chair Kaneshiro: It is basically a fixed cost based on the negotiations.

Ms. Bettencourt: Yes, add pay and holiday pay.

Councilmember Yukimura: But how often a person is called in for rank-for-rank varies.

Ms. Bettencourt: Each ranking officer has two hundred forty-four (244) hours per year that they can work rank-for-rank.

Councilmember Yukimura: Do they all max out or do they have to be scheduled to make the two hundred forty-four (244) hours?

Ms. Bettencourt: They work it out among themselves. They are guaranteed to work the two hundred forty-four (244) hours should they so choose.

Councilmember Yukimura: Okay. Thank you.

Committee Chair Kaneshiro: Council Chair Rapozo.

Council Chair Rapozo: So if someone goes on vacation and a firefighter does not go to work, then they do not get any of that?

Ms. Bettencourt: No, then they do not get rank-for-rank, but then we would in all probability temporary assignment (TA) someone up, so you would have the temporary assignment pay.

Council Chair Rapozo: Right. That was the other question that I had. In the "Other Pay" block, does that include the temporary assignment?

Ms. Bettencourt: Yes.

Council Chair Rapozo: If a captain works in a capacity of a battalion chief, does the differential in pay show up here in the "Other Pay" column?

Ms. Bettencourt: That would be the other pay, yes.

Council Chair Rapozo: Okay. Thank you. That is all I have.

Committee Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: Thank you, Rose and Janine, for putting perspective on the centralization of the work you folks are trying to do. I know it is a logistical nightmare. The question is for the Chief, actually. I just wanted to clarify, because what I heard you say is that the feasibility of relinquishing that these positions that are not filled is low on priority. Basically, you really need those positions to be filled in order for the workload to be...

Mr. Westerman: Yes.

Councilmember Chock: Really, the core issue here or the root cause is that those positions need to be somehow transitioned to a base salary, similar to the way yours is administered.

Mr. Westerman: Yes.

Councilmember Chock: Is that a charter change? What do we have to do to move us in that direction? I do not know if that is a policy call that we need to look at. But these positions are receiving these extra benefits, and yet your salary is not. If those positions were changed, meaning more perspective in alignment with how yours is administered, would that be more feasible?

Mr. Westerman: Well, for us we are talking about maybe an assistant chief and it is not a charter change, because really the deputy is not directed by charter. It would be a budget issue of filling a position as an assistant chief to help anticipate that workload and provide that service that position has and it not have the dilemma that we have now with the pay inversion, because then it would be a civil service pay salary scale that would be adjusted when all the EMs get adjusted.

Councilmember Chock: Thank you.

Committee Chair Kaneshiro: Any further questions from the Members?
Council Chair.

Council Chair Rapozo: Basically, you are going to make a civil service position?

Mr. Westerman: We are going to reallocate the deputy.

Council Chair Rapozo: So you get rid of the deputy and create a civil service position, which would further invert the system.

Mr. Westerman: Well, there would only be me.

Council Chair Rapozo: Huh?

Mr. Westerman: The only inversion you have is me, but you have the inversion no matter what you do.

Council Chair Rapozo: Right, so it does not improve the inversion by doing that. I can see the benefits of doing that, but it will not help the inversion.

Mr. Westerman: It will help keep the position filled. If we do not do anything, nobody is going to accept the position. That is the problem we are having with inversion.

Council Chair Rapozo: That is the problem that we are finding even with our auditor position. It is difficult.

Mr. Westerman: Over time, there was salary increases for the chief and the deputy, but they just were not funded. So we are behind because we have never kept up with what was already there to provide. Now I guess, like you said, it just puts us further behind.

Council Chair Rapozo: Thank you

Committee Chair Kaneshiro: Any further questions from the Members? Seeing none, we will take public testimony.

CODIE K. YAMAUCHI, Council Services Assistant I: Committee Chair, we have three (3) registered speakers. The first speaker is Lonnie Sykos, followed by Mary Kay Hertog.

Committee Chair Kaneshiro: Sorry, let me have Mr. Furfaro come up and speak on behalf of the Salary Commission.

Mr. Furfaro: Jay Furfaro, Boards and Commissions Administrator. Committee Chair, I wanted to thank you for letting me come back again. We did not anticipate the questions asked by Councilmember Kuali'i about the Salary Commission's research that they have, so I have gathered a lot of documents for you to make your copies and study. They have been working on this for the last seven (7) months. The one document I did give you was the engineering comparisons between the counties. I also gave you copies of the job descriptions as

it relates to the earlier report. In addition to this, and again, the Salary Commission is looking at approximately thirty-two (32) positions that come under their jurisdiction by charter with the deadlines of turning in the work. I wanted to share with you and you can make copies and return this to my office at your convenience, but this is some of the material that we worked on. For example, for the Police Department, we have the Western Region 2014 Survey of Police Chief data across the western region. I will leave that for to you make copies of as well. Also, we focused on the reality of their job scope as it relates to their highest priorities. Remember, we are starting at a point where these department heads are actually only at eighty-eight point eight percent (88.8%) of what their salary gross was, but we did do some definitions about what the Consumer Price Index was. I have that material for you here. We also referred to in our sheets, not "Other Pay," but we referred to it as allowances. For example, the allowances for the Police Chief and what they get for uniforms, their gun, and so forth. It is reflected on our sheet as an allowance. Also, as we dealt with the Department of Parks and Recreation and bargaining units, we have this wage comparison that goes against eleven (11) golf courses and the operation of those golf courses in Hawai'i, as well as a tracking sheet on how we arrived at the individual increases that were labeled to the bargaining units, which Councilmember Yukimura read from the summarized memorandum that I submitted last week. Here is the actual worksheet for that. The Salary Commission also took the salary resolutions of two (2) years ago, anticipating the fact that they had to compare jobs for the Island of Hawai'i, as well as the County of Maui and there are the particulars that deal with questions that have come up earlier schedule on the appointed process that deals with entitlements by negotiated contracts. Lastly, we went back to the 2010 occupational employee wages compared in Hawai'i. The closest date we could get was 2010 as it relates to the fact that our people have not moved since 2008. I would just like to add that to the engineering document that the Salary Commission worked on and submitted earlier. Hopefully that answers some of the earlier questions. We were not dealing with overtime staffing and so forth. We were dealing with the Salary Commission's authority that is limited to the positions that are in the Charter. Thank you very much.

Committee Chair Kaneshiro: We are not going to get through this by lunch, so the plan is to take public testimony until 12:30 p.m., take a lunch break, and then come back at 1:30 p.m.

Ms. Yamauchi: The first registered speaker is Lonnie Sykos, followed by Mary Kay Hertog.

Committee Chair Kaneshiro: Lonnie Sykos is not currently present. Next speaker.

MARK KAY HERTOOG, Vice Chair of the Police Commission: Good afternoon Councilmembers. I appreciate the opportunity to come back again. I am Mary Kay Hertog, the Vice Chair of the Police Commission. Let me apologize for Chair Iona because he had an emergency. If not, he would have been here today. What I want to talk about was some items that came up last week. As you all know, I came here last week and went on record to show my support for this

particular Resolution, but the conversation kind of morphed into performance standards, performance metrics, and how they are tied to the performance evaluations, and what I wanted to do was allay the Council's concerns, especially when it comes to the Police Department, that our Police Chief's annual evaluation is based on well-defined performance standards, many of the same standards that were used to go out and recruit the Chief back in 2006. The Chief is evaluated under six (6) major performance standards: 1) planning, organizing, and setting priorities, 2) problem solving and decision-making, 3) communication skills, 4) financial budgetary skills, 5) leadership/supervision, and one that is kind of unique is, 6) the attainment of the goals and objectives set by the Chief himself. So it is a 360 degree look, not just a 180 degree look. Under each one of these performance standards are subcategories where there may be between one (1) or six (6) different other standards by which the Chief is evaluated. In these subcategories for example, there are six (6) under the leadership category, which can range from development, promotes teamwork and good morale, as well as supports employees and their professional growth and development. Our rating guidelines are based on points. It goes from an exceptional five (5) points, all the way down from "exceeds expectations," "meets expectations," "needs improvement," and "unsatisfactory." Any rating above or below a three (3), which is "meets expectations" has to be justified. Let us say if I was to evaluate the Chief on his ability to bring in a budget and maintain that budget, I cannot just give him a five (5) and say, "The Chief did a great job this year." I have to go in and tell on that performance evaluation, "Well, the Chief was able to get fifteen million dollars (\$15,000,000) in grants, other people's money, or they reduced the overtime budget by 'x' amount." You have metrics that are tied to this as well. It is not just the Police Commissioners that provide this kind of look. What we have done is every year we go out and look for eight (8) additional community members, what we call "stakeholders" to ask, "Would you be willing to serve as one of the Chief's evaluators for this annual performance?" It is voluntary and we get volunteers to do that and they rate the Chief, not only on the six (6) categories that we do, but five (5) additional categories. I think most important, community service, customer service, and professionalism. In reality, his whole department is getting rated by these stakeholders, not just the Chief. They also get an opportunity to make comments and make suggested improvement areas, too. The bottom line is that I want to assure the Council that the Police Chief's evaluation is multi-dimensional, provided by seven (7) commissioners, as well as eight (8) community stakeholders; internal/external customers, and it requires detailed and factual information to accompany the ratings.

If I could address the overtime question that Councilmember Kagawa brought up—there is some concern in terms of overtime as there really should be, but the bottom line is that you have some very specialized people in the police force and very limited numbers like a detective, who is going to get called out for a homicide or perhaps an armed robbery and they are going to have to do that job, and because there are so few in that number and they are very highly qualified, you are going to have to pay those individuals overtime. One way to drive that down is to authorize more individuals. A detective is not something that you can just hire off of the street. You have to grow them up as well. Any questions?

Councilmember Yukimura: Thank you very much. That is very reassuring. Are you speaking in your position as a commissioner?

Ms. Hertog: Yes I am.

Councilmember Yukimura: So you are an official from the County?

Ms. Hertog: Yes.

Councilmember Yukimura: When you mention the six (6) categories, are those the same as the standard sheet that the County gives for evaluating department heads or it is something unique put together by the Police Commission?

Ms. Hertog: I honestly do not know. I have not been privy to the other department heads' evaluation forms, but my recommendation would be that the Department of Human Resources take a look at that so you have some kind of standardization across the board where it applies.

Councilmember Yukimura: Okay. My last question is once everyone performs the evaluation, do you have a meeting with the Chief to discuss it?

Ms. Hertog: The Chair and the Vice Chair do, yes.

Councilmember Yukimura: I see. Okay. Thank you very much.

Committee Chair Kaneshiro: Vice Chair Kagawa.

Councilmember Kagawa: Thank you. I just have a couple of questions. I see some disparity in the amount of overtime, like an assistant chief made about thirty thousand dollars (\$30,000) in overtime and I see this detective made fifty thousand dollars (\$50,000) in overtime in 2015. So I am wondering is there any accounting or management oversight so that we are making sure that overtime hours are taken when somebody is possibly going to die or a case will not be closed if an officer is not there, just to make sure that the overtime is really...I think what the public wants is that overtime is really, really necessary. If not, let us do our job in the eight (8) hours that we are paid.

Mr. Hertog: I absolutely agree. The public is entitled to know what that overtime is being spent on. I have spent probably nine (9) to twelve (12) hours with Chief Perry and Executive Chief Contrades going over their budget, specifically looking at overtime. We developed a subcommittee based on a couple of commission members because there was such concern. I am convinced that they have been good stewards of their overtime and that has been well-managed. It kind of goes back to certain problems that they have had. For example, let us take training. There are two (2) trainers in department to train new recruit classes. That is not enough. In my experience of having done training for quite a bit of my career, that is just enough for a recruit class. What happens is you pull out people from their departments, their primary duties, to help train the recruit classes because you want a great class of recruits. When they have to go

back to their department, the only way sometimes to get that job done in a timely manner is to do overtime and it also goes back to this very specialized investigators be it traffic, be it a detective that might have to come out on the scene at over hours or odd hours of the day or night and get that case resolved as fast as possible. I believe Executive Chief Contrades has signed up to make some comments, too, and he could probably go into some great detail about that for you as well.

Councilmember Kualii: Like I said, in looking at the overtime in that case, it is more than half of his salary is making overtime. For me, is that too much?

Mr. Hertog: I cannot say that. It is depending on what cases. I would have to look at the cases handled, but I think that would be a question I would defer to the Chief and Executive Chief.

Councilmember Kagawa: Theoretically, we are only getting half the time of the work because overtime is time and a half, right? I am just troubled that the numbers are so high that...

Ms. Hertog: Those are all legitimate questions. As I said, I would defer it to the Chief Perry and Executive Chief Contrades, and they are prepared to answer.

Councilmember Kagawa: I think if we can monitor that overtime and bring it down a little bit, then our salary inversion is not as great.

Ms. Hertog: Absolutely. One thing to consider, too, is that the manpower authorizations in the KPD have not been increased in years and years, although the amount and number of service calls have more than doubled and tripled. At some point in time, you cannot continue to do more with less. You are going to need additional people. In the long run, if you hire additional people in some of those areas, you can reduce your overtime because you have them on duty.

Councilmember Kagawa: Thank you.

Ms. Rapozo: I just wanted to clarify for Councilmember Kagawa that the "Other Pay" column is not only overtime. That does include their subsidized vehicle differential and their SOCD pay, so it is not all overtime in there.

Councilmember Kagawa: If it was that important to differentiate what was not overtime, I think we should have had further columns. When you just show "Other Pay," it just looks like overtime.

Ms. Rapozo: I am not sure what the question was on what came over.

Councilmember Kagawa: My question is can we reduce salary inversion by eliminating some of the "Other Pay" because I think that is the way to have a sustainable inversion number if we can try and keep everybody as close to

their maximum salaries, especially if they are upper management. One could say that if you are making one hundred thirty thousand dollars (\$130,000), how much more overtime do you need to be well-paid? One could say that is a nice salary already. Do you have to make one hundred seventy thousand dollars (\$170,000)? That is a question that the public is asking, not me. The public is asking, "Are we paying too much in overtime?" If we need to get further columns for overtime, please do so because I think we need to show the public transparently what is being made in overtime and how do we tackle that, for Fire as well? Thank you, Chair.

Committee Chair Kaneshiro: I think we have other questions, but we hit 12:30 p.m., so we are going to have to take lunch. We will come back. We let Mary talk because she is here in her official capacity with specialized information on the police salaries and Police Commission. That is why we are able to ask her questions. We will come back. Human Resources will still be up here if we have any further questions, and then once that is done, then we will take public testimony. With that, we will take our lunch break.

There being no objections, the meeting recessed at 12:31 p.m.

The meeting reconvened at 1:40 p.m., and proceeded as follows:

(Councilmember Kagawa was noted as not present.)

Committee Chair Kaneshiro: We are in the Budget & Finance Committee and we are on the Salary Commission Resolution. We are going to continue taking public testimony.

Ms. Yamauchi: The first registered speaker is Norma Doctor Sparks, representing herself, followed by Michael Contrades, representing KPD.

There being no objections, the rules were suspended to take public testimony.

NORMA DOCTOR SPARKS: Good afternoon. Norma Doctor Sparks. Last week as we were talking about this issue, I remembered that you mostly talked about qualifications and whether or not that made a difference. Today, I heard from the Administration that they are looking at performance goals as well as service. I have been an administrator/director for about twenty-five (25) years, both in Hawai'i as well as in California. In California, I actually worked in two (2) of the larger counties, one being Los Angeles County and the other one being Santa Clara County, which is Palo Alto down to Gilroy. At that time, what I have found is that government employees are very committed and I have been very privileged to work with many of them. I have always felt that the salary might have guided their application to these jobs, but definitely their ability to do their work, regardless of the level of their salary, really showed their commitment to stay. The retention issue is a huge one because the loss of experienced and excellent managers is something that should be encouraged in this County. I do think that the County needs to look across the board in terms of all of the departments, not just the departments that are listed here, but also the other departments that might provide more administrative or executive work. I actually started in Santa Clara County

when the recession hit Silicon Valley and Santa Clara County has been known to be a very rich County. We actually tax millionaires in that County. When I came onboard, we did not have the budget that we had, so I had to reorganize the whole department. The department is comprised of about two thousand five hundred (2,500) people. What we did was to really look at trying to do what the Chair has talked about, which is consolidating, as well as reallocating or redefining positions so that most of the dollars that will go to different positions will be more effective. I do encourage the acceptance of this report. I think it is an important report. Thank you very much for this afternoon.

Committee Chair Kaneshiro: Thank you.

Ms. Yamauchi: The next registered speaker is Michael Contrades, representing KPD, followed by Jan TenBruggencate, representing himself.

MICHAEL CONTRADES, Executive Chief of Police: Good afternoon Chair and Councilmembers. For the record, Michael Contrades, Executive Chief of Police, Kaua'i Police Department. Thank you for this opportunity to speak before you with regard to the proposed salary increases. For the record, I am not affected by the proposed salary increases and therefore not speaking with self-interest in mind. I am here to humbly ask for your support for Resolution No. 2016-1 on behalf of the Chief of Police, as well as the other department heads and deputies. In 2012, I was assigned to the Patrol Services Bureau as a Captain. I accepted an appointment to the position of Deputy Chief of Police in December of that year. I accepted a position knowing that I would take a cut in pay; however, with altruistic motives, I decided at the time that it did not matter. I was being given an opportunity to help Chief Perry move our department forward and I accepted the responsibility the reduction in pay. Over the next three (3) years, we have worked diligently to improve our processes, become more fiscally responsible, and guide the department towards becoming a progressive organization. While initially the pay did not matter, as time went by, it became difficult to ignore. I bore the burden and responsibility for the actions and inactions of subordinates who are being compensated at a much higher rate. During the three (3) years as Deputy Chief of Police, we estimate that I forfeited well over one hundred thousand dollars (\$100,000). While I have no regrets for a loss of income, the reality is that the inversion in pay weighs on you over time. When an assistant chief's position opened, I stepped down and received a large increase in pay that closes the inversion between me and my subordinates. I commend Chief Perry for his sacrifices. He has been here for eight (8) years and has committed to at least two (2) more. Since his appointment in 2007, he has received a meager three (3) pay raises. Our officers during the past eight (8) years have received nine (9) pay raises. This does not include the step increases that officers receive every three (3) years. Presently, we have two (2) assistant chiefs of police that make more than the Chief at base pay. When you include overtime and standby pay, we have six (6) police officers, seven (7) sergeants/detectives, five (5) lieutenants, three (3) captains, and three (3) assistant chiefs of police that make more than the Chief. The span of difference ranges from approximately one thousand dollars (\$1,000) to forty thousand dollars (\$40,000). I have worked closely with Chief Perry for the last four (4) years

and there is rarely a day he does not stay longer than his shift. Not only does he work overtime all the time, but as the Chief of Police, he is always on standby; however, he is not compensated as is our officers. Given the inversion pay and inequity in benefits as compared to subordinates, when the Chief decides to retire, we may not be able to recruit anyone from within the department and we would have serious concerns about the quality and qualifications of applicants for the Chief's position at the current level of pay.

Committee Chair Kaneshiro: Thank you, Mike. You can have another three (3) minutes after everybody gets a chance to speak.

Mr. Contrades: Thank you.

Ms. Yamauchi: Our last registered speaker is Jan TenBruggencate representing himself.

JAN TENBRUGGENCATE: Thank you, Councilmembers. My name is Jan TenBruggencate and I am speaking for myself. We live in an inflationary environment and inflation has gone up every year in the last eight (8) years, which means effectively that department heads who do not receive pay increases effectively receive pay cuts. It is clearly difficult to keep good people in that kind of an environment and it will be even harder to attract new, good people to help run our County. I urge you to consider correcting this inequity. Thank you.

Committee Chair Kaneshiro: Anyone else in the audience wishing to speak for a first time? Lonnie, you may come up.

LONNIE SYKOS: For the record, Lonnie Sykos. I understand and I am sympathetic to the arguments made about pay inversion, but the pay inversion in the Police Department, for example, is the direct result of decisions made by the Administration and the County Council that are ahead of the detectives, for example. We charge the Police Department and ask them to create a Cold Case Unit, so our detectives now have an entirely new area of which they have been very successful at and they have solved crimes, but we did not provide one (1) hour of manpower for the increased service. We did not hire one (1) detective, much less whatever was required to actually fulfill the mission of the Cold Case Unit. So a big part of our problem here is the fact that the County has decided not to hire more police over the years as their caseload and our population has increased. Until you address this systemic issue that it appears there is not enough police for what we are asking them to do, then we are going to keep paying more and overtime, and this pay inversion will not go away. You can temporarily alleviate it by increasing the pay for the senior management, but the underlying driver is still there. This is a systemic issue that needs to be looked at, greater than just the immediate observation that there is a pay inversion. In regards to recruiting off-island, the Fire Chief was recruited off-island and the Chief of Police was recruited off-island. Chief Perry came from the Honolulu Police Department. I believe I heard in testimony that previously the Fire Chief was brought in many years ago and we have very successfully got Mr. Dill to come here as our head of the Department of Public Works. It is not either impossible to recruit people from off-

island or to find good talent off-island. The argument that we need to hire within ourselves is an argument, but it is not one that is finite. Thank you.

Committee Chair Kaneshiro: Thank you. Anyone else?

JOE ROSA: For the record, Joe Rosa. I worked for the government and there was a time back when an issue came about the rank and file making more than the department head. I, myself was involved in one of those. I remember the Tax Director here on Kaua'i for the State who worked thirty (30) plus years was making more money than the director of the State in Honolulu. But remember, the Kaua'i had been working thirty (30) plus years to get to the position he was through probably union negotiations and also being the department head. I, myself at one time when they hired a new engineer who was my immediate boss on the job made a remark that I should do more work than he does because I was getting more pay than him. I told him, "Hey, remember this: I have worked thirty (30) plus years to be in the position that I am to make the pay. I deserve it more on merit on my work and doing my work because I did my work the way it was supposed to be done. You are just starting. You are green behind the ears yet. You have a lot to learn. What I am forgetting, you still have to learn. Next year, when you have a raise in July, you will pass me by a few bucks." So you have to prove yourself and work. Sometimes you get paid just for doing nothing. Give the guy credit that works thirty (30) years like a captain; if he worked twenty-five (25) years, they can retire in the Police Department. If he worked twenty (20) years, he might be up in a higher category and he might make more than the Chief, but remember he has been working for years while the Chief just got appointed and might in for two (2) years or so, provided that he does his job and the Mayor does his job and does not get defeated. Those are the kinds of things that you have to look at. When you sign up for civil service jobs, the pay scale is there and it tells you what you are going to make, like two thousand dollars (\$2,000) a paycheck or whatever. So you figure out, "Hey, I can live on that," and you take the job. Some of these guys are not starving. They go to the store and they buy a loaf of bread, the same price that I pay for a loaf of bread. Why do they need eighty thousand dollars (\$80,000) a year when the small worker who makes twenty dollars (\$20) to thirty dollars (\$30) an hour is satisfied? We pay the taxes. They pay taxes, but to me it is not equal and not being justified.

Committee Chair Kaneshiro: Thank you, Joe. Your first three (3) minutes is up.

Mr. Rosa: Those are the kinds of things you need to consider. Look at it and you get paid by way of merit also. Thank you.

Committee Chair Kaneshiro: Mr. Taylor.

KEN TAYLOR: Chair and Members of the Council, my name is Ken Taylor. I am sorry that I was not at the last meeting on this subject and I have not had time to look at the replay of the meeting, so my questions are based on documents here today, but I am reading from this memorandum from Nadine to Chair Rapozo that was dated yesterday, March 1st. The first question is, "Please

provide a list showing the comparisons between the County of Kaua'i and the private sector," and the response was, "The Salary Commission did not commission a study to compare salaries with the private sector. The Salary Commission members believe that comparing salaries with other counties in the State of Hawai'i was more useful and relevant." I really have a problem with that because Maui, for example, with a one hundred fifty thousand (150,000) population has a tremendous tax base compared to the seventy thousand (70,000) population of Kaua'i. There is no way in the world that you can compare salaries without looking at the tax base and how that is generated. On page number 4 of this item again...we can solve the problem and pay for this by playing a shell game of shuffling a five million dollar (\$5,000,000) cost to a twenty (20) year mortgage, and then we have enough money freed up to pay for this. Well, I am sorry because I have trouble buying into these kinds of shell games that create a problem because the taxpayers are going to end up paying. Before you approve this document, I think you should do an honest search of looking at where our moneys are going. For example, you get about ten million dollars (\$10,000,000) a year in fuel taxes and we are only spending a couple million dollars a year on roadwork. Where is the rest of that money going? Where are all of these things going? There is a lot of money that is coming in that seems to disappear and we need to know where all of this is going and get a better idea before this and the quarter cent (\$0.25) sales tax increase and everything. It is totally out of line until you do a thorough investigation of where the money is going that is already coming in. Thank you.

Committee Chair Kaneshiro: Thank you. Glenn.

GLENN MICKENS: Thank you, Committee Chair Kaneshiro. For the record, Glenn Mickens. There is obviously something very wrong with the system when a police officer has to step down from a higher position to another position to make more money. There is something radically wrong there. Thus, this salary inversion has a serious flaw, but it is obvious that we do not have the funds there to change the system completely now. It has happened over the years. Certain people have collective bargaining rights and some do not. As it has been pointed out by Joe, some people work for thirty (30) years and they have earned their pay, so somebody cannot just come along and expect to be making what they are making at that stage of the game. Something is not right with that. You folks have a big job. I do not have an answer. I am not sure what the answer is to make everybody equitable. I do not think it can happen. Committee Chair Kaneshiro, as you pointed out before, and I believe Councilmember Kagawa said it also, that the funds are just not there. We are scraping the barrel to try and find how to make ends meet at this stage of the game. This is going to take salary and some manipulation. Anyway, thank you for your efforts.

Committee Chair Kaneshiro: Anyone else in the audience wishing to testify for the first time on the Salary Commission Resolution? Does anybody want to use their second three (3) minutes? Mr. Contrades, please come up.

Mr. Contrades: Thank you. I just wanted to finish up my testimony. For the record, Michael Contrades, Executive Chief of Police. I would also like to take this opportunity to briefly discuss our County Attorney and Deputy

County Attorney's positions. In my current assignment, I have had the privilege to work with Mauna Kea and his staff. I was taken aback last week when I heard him say that his office receives less pay than the Prosecuting Attorney's Office. Having worked closely with the County Attorney and his Deputies, I can honestly say that in my opinion, this is unjust. The County Attorney's Office works diligently every day to protect the County from various claims and there has been a tremendous improvement in overall services to the County since Mauna Kea's appointment. While I know there are not enough deputies to do the jobs that we ask of them, each one of them strive to provide the highest level of service. Mauna Kea's reorganization of his department to include both a litigation team and advice and counsel team has been very beneficial to the County overall. With the experts he has assembled, we are not afraid to litigate cases. Furthermore, with the advice and counsel team he has in place, they provide competent and trustworthy counsel that helps us to avoid the need to go to court in the first place. Police work is litigious, and regardless of our efforts, claims will be made. However, the job done by our County attorneys in conjunction with our Department of Human Resources is invaluable to fighting and preventing such claims. They are no less worthy than the Prosecuting Attorney's Office and should receive compensation commensurate with their counterparts. Again, I thank you for the opportunity to testify and I humbly ask that you support Resolution No. 2016-1 and increase the pay for department heads and deputies. *Mahalo.*

Committee Chair Kaneshiro: Anybody else for a second time? Mr. Taylor.

Mr. Taylor: Chair and Members of Council, my name is Ken Taylor. Earlier today on another item, I talked a little bit about development fees and the impacts that it is having on the community. I know that development fees cannot take care of year-in and year-out activities, but if we had good development fees and if it was well documented, for every so many thousands of people you need another policeman, another fireman, another park, and another this and another that. Development—if we would have done this over the last ten (10) years, we would have accumulated certainly a lot of money to help offset some of the costs to buy a new firetruck, police car, or whatever. A prime example of the poor activity took place just recently when the Fire Department was looking for a new fire truck for out in the Po'ipū area to deal with the high rise apartments. I do not know how much of the developments paid development fees towards the seven hundred thousand dollars (\$700,000) that the County had to put into that firetruck, but probably little to none. Those are examples of why we are spending money and giving it away to developers and the local people are paying the price for all of this. Again, we would have the money if the proper development fees were in place. We have been dealing with this lack of development fees for many, many years, so it is time to grab the bootstraps and let us get with it. Again, until we have a better idea of where all the money that is being brought in is going...we, the public, have not seen it. You may have, but you are not sharing it. I think it is very important that it be shared with all of the people of the island before we go and spend this kind of money. Thank you.

Committee Chair Kaneshiro: Thank you. Anyone else wishing to testify on this item? Seeing none, I will bring this meeting back to order.

There being no further testimony, the meeting was called back to order, and proceeded as follows:

Committee Chair Kaneshiro: Let us go over this again. The motion right now is to receive and I think if Councilmembers want to make a change...we can either vote on it now as-is or we can make changes to it and we would have to vote on each part and we would say we would be rejecting it in part. Councilmember Yukimura.

Councilmember Yukimura: Just for clarification, we cannot change the number. We can only reject it or accept it one way or the other, right?

Committee Chair Kaneshiro: Right.

Councilmember Yukimura: Okay, I just wanted to clear that up.

Committee Chair Kaneshiro: Councilmember Hooser.

Councilmember Hooser: I have another process question. What is the deadline for us to vote on this? I think before we take any vote, it would be good to have all seven (7) Councilmembers here and Councilmember Kagawa is not present.

Committee Chair Kaneshiro: It needs to pass by April 5th. If it gets deferred, I believe we have one (1) more meeting that we need to make the decision on and that would be our very last meeting for our decision. Councilmember Yukimura.

Councilmember Yukimura: I have another process question. One way to help us make the deadline is to push it through to the Council so that we do not have to go through another Committee and then Council, right?

Committee Chair Kaneshiro: Yes. Council Chair Rapozo.

Council Chair Rapozo: If there is going to be more work to be done, then I would say to send it back to the Committee. The Committee is seven (7) members, so more than likely the action of the Committee will be the same action that will result in the Council. You are not losing any time by sending it to Committee because we still need to wait two (2) weeks for the Council Meeting anyway. I am just suggesting that if you have more work to do and if there are more questions that we need answers to—I think we have the information that we need. I do not know of anything else, but if there is more information and if we want to do more comparisons with someone else, then I would suggest that we send it back to the Committee. If we can get through the work today, have a discussion, and feel comfortable that the decision is imminent, then I would just say to send it to the Council.

Committee Chair Kaneshiro: Councilmember Hooser.

Councilmember Hooser: Just to be clear, if we are going to be voting on this today, I am going to have a very difficult time supporting the Resolution to receive, so I would be inclined to vote against that. If the Committee wants to have further discussions and itemize it, I am going to have a difficult time supporting it. Acknowledging the hard work and the qualifications of all the various directors and deputy directors, the next item on our agenda I believe is to raise the General Excise Tax (GET) equivalent of twelve percent (12%) or so we are going to hear about the dire need for money to fix roads, bridges, and other facilities. We also have an item on our agenda to fund another position in the County Attorney's Office for another deputy county attorney and we have not even gotten to our budget process yet. We have been informed that taxes will be going up for residents unless we lower tax rates. So given all of those parameters and considerations, it is very difficult for me to start spending more money right now.

Committee Chair Kaneshiro: Just for clarification, I am looking at the calendar now. We would have one (1) more Committee Meeting on the 16th and if we were to defer it and get more information, we would have a Committee Meeting on the 16th and then the very next following week, the 23rd, is when it would be at the Council and we would vote on it there, too. Councilmember Chock.

Councilmember Chock: I just wanted to reiterate also what I heard here. For me, I think it would be difficult to move towards a decision to receive at this moment. I could vote on it to reject it in part, meaning that I could favor some of these on the list; however, I think it could be even more favorable if I were to hear and receive where these will be sustained over time, which has not been identified yet by the departments. We know that there are some funds to start this, but I would like to see that work also, which I think would open the doors to some of these other positions for me. Thank you.

Committee Chair Kaneshiro: Just based on what I have been hearing, I think we would look to defer this until our next Committee Meeting, which is on the 16th. Prior to that, all of the questions that you guys still have in your head, I think we need to start E-mailing them out to the Administration so that they can be prepared to answer it at that meeting. For me, I think it would be in our best interest to try and get a very good handle on how comfortable we are on it in our Committee Meeting prior to it going next week to the Council Meeting. That is just my own opinion. I think if we have the extra week, we should hash it out in Committee. Council Chair Rapozo.

Council Chair Rapozo: I kind of do want to really have some discussion today though, because I kind of want to get an idea of where the Members stand. I am just looking at these documents and much has been said about retention and that we need to boost the pay. I think the trend in any county government is during the mayor's final term, department heads start looking for other jobs because they know that when the next mayor comes, there is no guarantee. I have asked staff to contact Human Resources and I am waiting for that information. I do not know if I will get it today. I wanted to find out about the departures and when they occurred in relation to the term of the mayor. I am just relying on recollection and memory, which is not very good, but I believe that most

of the departures occur when everybody is looking for opportunities to arise during the last few years of the mayor's term so that they can secure work. The other thing is if you look at the Office of the Prosecuting Attorney, they have fifteen (15) attorneys and out of those fifteen (15) attorneys, seven (7) of them are paid seventeen thousand dollars (\$17,000) less than the cap. Sixty percent (60%) of them are paid less than the cap. I am not sure that we can justify that retention or recruitment argument because people are coming even at that pay that is much lower than the cap. I am ready to discuss this. I think we should discuss this as much as we can today, and I understand that we have of a tough agenda, but this is a very important item. I have highlighted some of the positions, which I could support. The reality, and this is for my colleagues, is that we have to determine if, in fact, these raises are fair and equitable. If they are, then money does not become the issue. If we believe that these raises are necessary, important, and vital, which I believe in some of these positions they are, then it is not about the money. We have to find the money. The question for all of you is if the Mayor folks are not going to come across with some position cuts that will accommodate the sustainability, then are we willing to do that in the budget? Are we willing to tell them that we do not believe they need this position or that position? It is always better to come from the Administration because you folks know your operations much better than us. But if we do not have that and it is going to be, "Well, we just have to wait and see and hopefully we save some money here and there"—that is not good enough for me. I want to know how we are going to fund these positions after next year. For me, I am prepared. I could find the cuts and I am talking about cuts that are forever cuts, not dollar-fund where three (3) months after the budget passes, money gets transferred in there, and a person is hired. No, I am talking about removal of appointed positions that are in the upper level that we do not really need. I do not want to get into an argument or I do not even want to hear, "We need everybody that we have." I will use an example of this office. We have not filled three (3) analyst positions and everyone said, "We need them," but no we do not. If the money is so tight, then we have to make those adjustments and I look to the Administration to do the same thing. You go through your larger departments and find where there is overlap. Unfortunately if you want to fund these raises that are going to be forever, you have to come up with a way to pay for it and not expect the taxes to pay for it. Again, I have my list that I am ready to discuss and I can tell you that it is public health and public safety. That is for me. I cannot see how department heads that have no real requirement, no licensing requirements, and no real college requirements be paid the same amount as an attorney that has all of the licensing requirements. For police officers and the Chief of Police, I will say it again; he has to carry a gun and live with the exposure to liability that everyone in his department can create. If something goes down, the Chief is going to get sued. He goes to bed at night not knowing what the heck is going to happen overnight and when he wakes up in the morning. I have seen it, not just with this Chief, but a lot of chiefs that end up with lawsuits where they are named because of the nature of the job. I can see those positions getting the pay, but the fact that we are going to give everybody a pay raise because everybody else is getting pay raises—I cannot buy that argument. The County Engineer—even if we do not have an engineer, what the heck do we do? That is a requirement to be a licensed engineer. That is another position that I believe warrants an increase, but not for everyone. I am prepared to discuss that today. Committee Chair Kaneshiro,

you use the term “kick the can down the road”—we have the data today and we have the members today...not all...I do not know where Councilmember Kagawa is...but we have the data so let us start discussing some of these things. If, in fact, this body is considering rejecting some of the raises...but if we are really not ready, then let us...I think we have enough material to start that discussion.

Committee Chair Kaneshiro: I am open to hearing from other Councilmembers. Councilmember Kualii.

Councilmember Kualii: I agree with some of the sentiments of the Chair; however, I also have a couple more questions.

Committee Chair Kaneshiro: For the Administration?

Councilmember Kualii: Yes.

Committee Chair Kaneshiro: Do you want your questions answered now?

Councilmember Kualii: It makes sense now if we only have this meeting, another Committee Meeting, and then the Council Meeting. We need to get to a decision in three (3) meetings, this one being already going.

Committee Chair Kaneshiro: If you have your questions prepared, I can suspend the rules and bring the Administration back up.

Councilmember Kualii: Okay.

Committee Chair Kaneshiro: I will suspend the rules. Who would you like to come up to answer your questions?

Councilmember Kualii: The other thing I think as far as needing more time, obviously...Mr. Furfaro gave us a whole bunch of information, so I will review that for the next meeting, but in case it makes more sense to ask now for additional information that could be provided for the next meeting.

Committee Chair Kaneshiro: You can ask your questions now.

Councilmember Kualii: Yes. I want to ask a question to the Salary Commission about one of the appendixes back to “Exhibit A” regarding the data from the different counties.

Committee Chair Kaneshiro: Can the Salary Commission come up?

Councilmember Kualii: I never really got an answer to this question and maybe there is not actually a broad policy in how we compare, but when I went through all of the data, the positions varied as far as where we align with the rest of the counties. I am pretty sure in all we are lower than the County of Hawai‘i; in all, County of Maui; and in all, I think we are lower than the City and County of

Honolulu. With the County of Hawai'i, some were above, some were below...where do we actually fit and how was that determined? What are we comparable to?

There being no objections, the rules were suspended.

(Councilmember Kagawa was noted as present at 2:18 p.m.)

Mr. Furfaro: Jay Furfaro, Boards and Commissions Administrator. I do want to say that there are many variables and you are right, Councilmember Kualii. Obviously the material I shared with you was discussion items. For example, without doing more than a summary, one of the questions was, are Hawai'i Island Councilmembers under a lower pay rate than the County of Kaua'i Councilmembers? But just as a reminder, you are not comparing apples to apples here, because the County of Hawai'i Councilmembers are run by districts, where are a lot smaller in what they have to respond to as far as their citizen inventory. For Kaua'i, everyone is at-large. On Maui, it is pointed out in the 2014 schedule I gave you, but they have three (3) engineers that are appropriately division heads, where our County Engineer really addresses all areas like water and sanitation, and in collaboration with the ad hoc committee of the Department of Water and sanitation. So you are correct in that every scope for each job is not comparable. Those were discussion items. Those were not actual objective facts that we could compare "apple a" against "apple b" against "apple c." So I would share with you that those were discussion and study items and that there are varying degrees of the amount of staff that they have, amount of registered engineers they have, and certainly different levels of public services that deal with health and wellness, such as landfill or public safety.

Councilmember Kualii: In this chart when there is no information, is it because no information exists as far as there being a comparable? For this Transportation Director for Kaua'i, eighty-eight thousand three hundred ninety-two dollars (\$88,392), I do not see anything from Maui, Hawai'i, or the City and County of Honolulu.

Mr. Furfaro: I can tell you that the Transportation Agency...as one example, we wanted to put that information out there, but currently that department is not part of the salary review and the fact of going forward, as you are talking about continuity, there is consideration of, "Will that position become something that is subject to the Salary Commission review one day?"

Councilmember Kualii: Is that the same case for the Civil Defense Agency Manager and Director of Elderly Affairs?

Mr. Furfaro: Yes. Elderly Affairs and Civil Defense is the consistent answer.

Councilmember Kualii: So what you are saying is that item you are looking at from internal comparisons and is listed here on this county-by-county comparison, but there are no positions in those other counties that compare?

Mr. Furfaro: I would not say that we had eliminated those because there is nothing to compare to. Obviously on Hawai'i Island, they have bus transportation and so forth and there was something to compare. What I was sharing with you and the Council is the fact that currently that position is not subject to and there were questions directed that way, but they are not subject to review by the Salary Commission.

Councilmember Kualii: Including the Transportation Director?

Mr. Furfaro: Transportation, Elderly Affairs, and Civil Defense.

Councilmember Kualii: But it is on this chart and it says "2014-2015 Current Salary - \$88,392" and then it has "Potential New Salary - \$109,560." Why is it included in here?

Mr. Furfaro: Because as it says there, it is for the possibility of looking for the Charter Review Commission to make that change eventually. It was part of the study group. That is all.

Councilmember Kualii: Okay. The more general question, and you kind of alluded to it, but I want to see it and maybe it is in the paperwork that you already provided, but for each of these positions, I would like to see how they line up with the data for each position as far as we know what department there is, the number of employees in that department, the number of employees under the direct supervision of that position and the direct supervision, and the number of employees under overall supervision. You have department directors who maybe have divisions under there and you have division managers and it starts going down like that. But the direct supervision of the director may only be of the three (3) division managers, and then those division managers have direct supervision of those under them. I would imagine that is all part of the formula in coming up with these salaries. I do not want it to be that just because the word is "director," that means you automatically get one hundred thousand dollars (\$100,000). A director of no divisions with ten (10) employees is different from a director with five (5) divisions and seventy-five (75) employees. It is hard to justify one hundred thousand dollar (\$100,000) salaries to all of these directors if they are really not the same, other than the title. I just want to see the background information, the backup.

Mr. Furfaro: I would like to share with you that you already acknowledged that you were not present for that meeting, but a very brief definition was provided about the tiers and what was required in the various tiers. Secondly, I want to say that for your request I would have to refer to the Administration for some *kōkua* because I do not necessarily have staffing files that identify the number of people under various job classifications, but I am sure with the Administration, that we can work that out with Human Resources. The other portion I want to remind you about is in the very beginning, we were looking at, and I think the County Attorney said it best at the last meeting, that we are looking at

comparables; so although we gathered the information, at the end of the day the Salary Commission wanted to focus on the kind of requirements that are at the County level, not necessarily the private level. I just want to reassure you that we did look at that and perhaps Mr. Crowell would like to add something more to that.

Mr. Crowell: Bob Crowell. Something I mentioned at the last meeting when you were not here is that the Commission looked at the directors in general. I hope you do not get lost that just because a department is small, that they do not deserve what a larger department gets. I think you should also look at what it produces. I heard a lot about Economic Development last week. I believe that the Department of Economic Development is very small. However, I think it is the driving department for this County. They are the ones that drive the tourist industry and the film industry that I think brings money to the County. A lot of what I am saying is my own personal feelings. I kind of threw this out to the Commission previously. The other thing I mentioned last week was that we do not want to get too far behind the ball. I have seen it where we are coming in...and come next year or even when the new mayor comes in, we are going to be behind the ball. I am not that confident that the new mayor will have that easy of a time attracting very qualified department heads to come in whether we wait for a new mayor or not. Again, those are just my personal feelings. I just wanted to relay that.

Councilmember Kualii: I just have one quick clarification. When you say "behind the ball," what is the "ball?" When I look at the other counties, we are paying better than the County of Hawai'i. Are we behind a ball that they are further behind of? Is that what you are saying? What is the "ball?"

Mr. Crowell: Quite possibly, because we are not sure what their Salary Commission may recommend this year. We are only talking about the money part. Where the money comes from is what you and the Administration decide. I mentioned the last time that I was on the Salary Commission in 2007 and at that time, we were way behind the ball. To come up to the equivalent of the lowest county, we had to come in with a twenty-five percent (25%) recommendation to become equal to the lowest-paid county at the time; twenty-five percent (25%). That was tough. Vice Chair Kagawa mentioned there was a surplus and yes, it was a little easier. It was definitely easier to accept it back then. Definitely. But when putting it off for too many years, we are going to get caught behind, and that is the "ball" I am talking about.

Councilmember Kualii: Right. What I have always wanted was proof of the "ball"; the justification. What I asked for before and asked for now is to show me that the salaries, as they currently are set, have us in such a terrible position that we cannot hire anybody and everybody is leaving; so attraction and retention. I think I have asked HR before. I do not know...we should do a better job of doing exit interviews when somebody leaves and you get their honest opinion of why they are leaving. Better opportunities come along all the time and people are in their career ladder and they move. But if they stay with us for a full term of a mayor or two (2) terms, then I think their connection is to the term, like what Chair Rapozo was talking about, and that most people are not doing this job probably for the

County on this beautiful island in the middle of...we live in paradise and part of the reason we do it is besides money. To always make it about money...so the "ball" to me is not just about money and the proof that money is a problem and needs to have more money is are we failing miserably to attract new people, because we have all these vacancies in these director positions or are we failing miserably of keeping good people? For me, I have not seen that and I have not heard from the citizens that, "You folks better get your act together and raise those salaries because we are losing good people or we are unable to attract good people." We have good people and they are with us.

Mr. Furfaro: I would just like to respond to two (2) parts of your question. First of all, the salary levels that these department heads are at right now are basically eighty-eight point eight percent (88.8%) of the salary that they were recruited at. Many of them have gone seven (7) years and some of them five (5) years, without any increase. Therefore, we used the Consumer Price Index laid out in the materials that were turned in here and in particular, we looked at Hawai'i, California, and Nevada. Those indexes required us to level the playing field on those indexes. Therefore, I would like you to put that on as a high retention issue that you would be recruiting new people at a salary that many people were adjusted to in the year 2009. The second part is part of retention is also about how to replace people. You will then get, not a high performance review from individuals who get hired new because somebody has left; they, in fact, will have a six (6) to eight (8) month learning curve on the way business is done in the County. The third particular part is...and that actually might be more difficult during an election year when there is the possibility that in thirty-six (36) months there will be new leadership due to the fact that the Mayor cannot run another term. Those are all factors that are put into retention and recruitment. I appreciate the questions, but if there could be more specifics, I am sure we can work with Human Resources to get you those answers.

Committee Chair Kaneshiro: Council Chair Rapozo.

Council Chair Rapozo: It is just really a follow-up to what Councilmember Kualii brought up regarding the Director of Transportation, Civil Defense, and what was the third one?

Mr. Furfaro: Elderly Affairs.

Council Chair Rapozo: Okay.

Mr. Furfaro: We considered the possibility that at some point in time, with the demand that is being put on the fact that we have an aging population, there is going to be more services required to be delivered of our population as we have an older citizen group. There might be more needs as it relates to expectations of services and those services being delivered. That one was considered. Transportation...

Council Chair Rapozo: I guess my question is about on the Salary Commission documentation where it talked about proposed new salaries. Do any of

you know if that the proposed salary increases are going to be in the budget coming up?

Mr. Furfaro: No, they are not. I can tell you though that with the aging population and the demand on public transportation going forward, if we had hoped to recruit competent people to expand services both the Elderly Affairs and the Transportation Agency, that would be a number that we might have to be looking at. That is the only reason it was there.

Council Chair Rapozo: Okay. Is it the intent of the Administration at this time to include those potential increases in the upcoming budget?

Mr. Furfaro: To my knowledge, I would say no, but I would have to defer that to the Administration.

Council Chair Rapozo: Does anyone know?

Ms. Rapozo: Janine Rapozo, Director of Human Resources. The Executive on Aging and the Executive on Transportation are currently excluded managerial employees, so they are afforded the raises of collective bargaining, so they are not on the Resolution right now.

Council Chair Rapozo: I understand that, but the numbers that were stated by Councilmember Kuali'i, the one hundred nine thousand dollars (\$109,000)—is that going to be reflected in the new budget?

Ms. Rapozo: No.

Council Chair Rapozo: So there are no increases?

Ms. Rapozo: There will probably be an increase based on collective bargaining, but not based on the Resolution.

Council Chair Rapozo: It is going to be one hundred nine thousand dollars (\$109,000)?

Ms. Rapozo: I do not believe so.

Council Chair Rapozo: Okay. Thank you.

Mr. Furfaro: And they are not in the Resolution itself.

Council Chair Rapozo: I understand that. I am just curious if, in fact, aside from the collective bargaining, which is required through that Executive Order, that the excluded people move with the collective bargaining people. Are there any proposed increases in salaries for any of the positions that are not on this Resolution?

Mr. Furfaro: No, Chair, there is not. Again, I tried to explain the fact that we were just looking at them as a future possibility.

Council Chair Rapozo: Thank you.

Committee Chair Kaneshiro: Any further questions for the Administration? Councilmember Kualii.

Councilmember Kualii: Just to put a broad point out there because it is staring me in the face now and it may be a question for Nadine as opposed to you, but has any thought been given to...because like in these three (3), there is Transportation Director, Civil Defense Agency Manager, and the Director of Elderly Affairs. Has there been any thought to, instead of in essence, creating those or having those be three (3) separate departments with one hundred thousand dollar (\$100,000) heads that they all be one (1) department like we kind of had before— Community services that included Transportation, Civil Defense, and Elderly Affairs? Has there been any consideration also to other examples of that like administrative services that includes a small department like Human Resources, and Finance and these different departments? The opposite can happen, too. We have been breaking down, breaking apart, and splitting and creating more of these one hundred thousand dollar (\$100,000) positions, but have we been doing the opposite?

Councilmember Yukimura: Point of order, Committee Chair. This is not on the Salary Resolution.

Councilmember Kualii: It is relevant to the proposal.

Councilmember Yukimura: No, it is not on this Resolution.

Committee Chair Kaneshiro: Transportation is not, but Councilmember Kualii is asking if there is any way to consolidate some of these top positions.

Councilmember Kualii: Maybe it is not for Mr. Furfaro, but for Ms. Nakamura.

Mr. Furfaro: I can try and contribute to answering that and I will turn it over to the Administration. You have an early worksheet. Again, I answered you that we were looking at those things. I was also on the Council during the time that the Office of Community Assistance was broken out so that we could have a separate supportive Housing Agency, and that is the best I can answer for right now. I will turn that over to the Administration.

Ms. Nakamura: Thank you. Nadine Nakamura, Managing Director. Can I just go back to Council Chair's question to clarify? I believe your question had to do with other appointed positions, not included in this Salary Resolution, and if we intend to have their salaries increased.

Council Chair Rapozo: That was the question.

Ms. Nakamura: The answer is that previously, the year before, we forewent increases and this year, those appointed positions that are not on the Salary Resolution would receive similar increases to those of their counterparts in their unions.

Council Chair Rapozo: That is a very different answer than I just got.

Ms. Nakamura: Yes, I am sorry. Mr. Furfaro is not involved in that portion of the budget deliberations at this point.

Council Chair Rapozo: Okay. I am not going to stretch it because it is not on this Resolution, but that is a communication that I would ask staff to prepare because I am interested in seeing what those will be as well.

Ms. Nakamura: All of the details would be in the March 15th submittal.

Council Chair Rapozo: Well, I need to know before we vote on this.

Ms. Nakamura: Okay.

Council Chair Rapozo: I know it is coming, but do you have a ballpark figure of what those raises are?

Ms. Nakamura: I do not have that, but we can get that for you.

Council Chair Rapozo: Staff can make a note and send that over. Thank you.

Committee Chair Kaneshiro: Any further questions for the Administration? This is your last chance. Seeing none, I will call the meeting back to order.

There being no objections, the meeting was called back to order, and proceeded as follows:

Committee Chair Kaneshiro: I am not sure how we want to tackle this. If some Members still have questions that they think cannot be answered here and they want to E-mail it and not sure how they want to vote, then please get those questions to Jenelle. For now, we may as well have as much discussion as possible. If Council Chair has the direction he wants to go and he wants to start the discussion, we will start the discussion there. I will give everyone five (5) minutes to kind of state where they are at on it and we can kind of get an idea of where everybody is on this, whether they want to just vote on the whole thing as-is or if we are going to actually go through and start rejecting some of them. I just want an idea of where everybody is at on this. Council Chair Rapozo.

Council Chair Rapozo: Like I said earlier, I still have not gotten the information as far as the departures from the department heads, but...like I said...one (1), two (2), three (3), four (4), five (5), six (6), seven (7), eight (8)...eleven (11) of the fifteen (15) Deputy Prosecuting Attorneys are getting paid under the cap. The Boards and Commissions Administrator is currently getting paid under the cap. One (1), two (2), three (3), four (4), five (5) Deputy County Attorneys are currently being paid...out of ten (10), fifty percent (50%) of them are getting paid...one (1) of them is fourteen thousand dollars (\$14,000) less than the cap. Every other department head is getting paid the maximum. I do not know if there is a progression. I do not know if there is a progression...weed them out...but as I go down the list of the positions, I think it was stated by Joe Rosa that when you look at the collective bargaining, civil servants. To get to that level of pay, even in the Police Department, it is twenty-five (25) to thirty (30) years of service to have gotten that pay. It is different with the County Administration because you do not have that much time...you have eighty (8) years under the mayor in that term. The Managing Director is relatively new. The former County Engineer, Larry Dill, was here but he is no longer here. The Director of Finance is relatively new. The County Attorney is new. The Prosecuting Attorney is only three (3) years. Human Resources is relatively new. The Chief of Police has been here for a while. The Planning Director...I am not sure what he has...I do not know if he got appointed right after the Mayor got elected or not. For the Department of Water, we have experienced a change in that department as well. The Fire Chief has been here for a while. Economic Development has been here. The Liquor Control has been here...relatively new. The Department of Parks and Recreation...I guess my point is when you take these positions...when you come and the Mayor says, "Hey, I want to hire you for this position," you understand that it is a term position; a finite position. You are not protected by civil service. To expect a multitude of raises in that period of time, when your civil service counterparts have worked twenty (20) to thirty (30) years to establish that pay when they first started with the County...at a very low rate in many cases—as I just stated a few minutes ago, it really boils down to whether or not this body thinks or believes that these raises are warranted and that they are fair and just. I think like Councilmember Kuali'i said, the fact that you carry a position of a director or deputy, that should not automatically qualify you...and I appreciate what the Salary Commission did with the tiers because I think that really separated some of the departments. Nonetheless, I am struggling with raises to where...again, I will use the attorneys versus the others where nothing else is required other than work experience...how they can even get paid the same amount annually, considering the responsibility of these certain positions. I can tell you right now, and today is first draft, but as I go through this, what I am reading and hearing, the Mayor, County Engineer, Deputy County Engineer, County Attorney, First Deputy County Attorney, Deputy County Attorneys, Prosecuting Attorney, First Deputy Prosecuting Attorney, Deputy Prosecuting Attorneys, Police Chief, Deputy Chief, Fire Chief, Deputy Fire Chief—I am not going to ask to bring the Chief up, but earlier he said he was going to reclassify the deputy, so he will not have a deputy so I am not sure...I am assuming that we will remove that off of this because that is going to be civil service if what he is saying is going to happen. I think if we had to prioritize salary increases, that is where I would lean to today. Again, if this should pass and if this Council feels

that we need to provide some raises and if the Administration is not going to provide the perpetual funding or the mechanism to fund these raises, then that is something that we have to discuss in budget. Are you all willing to do that? It is very easy to say, "Yes, we are going to make the cuts," and then come budget time these salary raises are already in place and we will just move on and expect the taxpayer or the General Fund to pay it—that is what I am afraid of. I do not know what the other raises that Nadine just talked about amounts to. I have no idea what that involves, but again, additional costs. I just want to make sure that we understand that whatever we decide to do, we or the Administration and us collectively have to figure out a way to pay for it. Not with, "Hopefully, this will save us enough money to fund it." No, but with some concrete vehicles of funding this. That would be my only suggestion. Thank you.

Committee Chair Kaneshiro: I completely understand what the Chair said. If you look at it, we are not the ones that are granting the raises in actuality. This Resolution came in and it sets the ceiling. So I think for us it is real hard to make a decision on it when we are not sure what is going to happen. When we look at it, we almost have to assume that everybody is going to get the raise because that is where the ceiling is. I think that is where a lot of the hesitation comes in because I think for most of the Councilmembers, you would want to see people step up based on work experience or how well they manage their department and things like that, and have them get bumps as they do better, rather than just say, "Here is the maximum and everybody gets it." Again, we are not the ones granting the raise. That total control is at the Mayor's Office and I think that is the sticking point on, "Hey, do we allow all of them to possibly get the raises or do we just keep it as-is?" Does anyone else have any feelings on how we are going to go through this? At the next meeting, if the Councilmembers want to go through and say that we are going to vote on particular positions that we want to keep as having a raise, then we will do that, but we need to have an idea of how we are going to proceed. If you are willing to vote on it right now as-is, that is good, too, and say that, but if we are thinking about going through line item and say, "We will accept this or not accept that," then have an idea for next week with what you want to see. Councilmember Yukimura.

Councilmember Yukimura: I said it before that I think executive-level leadership is crucial and the quality of leadership is crucial, too. I do not think we judge by time on the job like how long they have been in this particular position. It is more about how much experience they have in the subject matter, their judgment, and their ability to work with people and get things done. I think the Committee Chair is correct in that we are not setting salaries according to the people in the position. That is the job of the Mayor and the appointing bodies so we have to set it at the level of a position that we feel, given the number of people they have under them, the level of expertise, the breadth of the department, and the risk management that is involved. Right now, the salaries before us are not even raises. They are cost of living adjustments basically right now, I think. We see that they have not had a raise for seven (7) years and we are going to give them according to cost of living, which is eleven percent (11%) simply added and the collective bargaining groups have had twelve percent (12%) to twenty-nine percent (29%) compounded increases over the years. If we approve collective bargaining, we have

to be willing to approve the executive pay raises to some extent. We cannot go totally out of proportion. I do not think these raises are out of proportion. We have not asked on collective bargaining, "How are we going to pay for the second year and the third year and fourth year?" I have not really heard that question be asked, which is why now we are trying to figure out how we are going to pay for them. Neither have we asked that on the Adolescent Drug Treatment Center, which one million three hundred thousand dollars (\$1,300,000) of operating costs. Nobody has said, "Okay, how are we going to pay for the second year, third year, or fourth year?" Around this table, it has been said that it is not about lack of money. It is about whether we put priority on the issue. Selection and evaluation is the second part of securing quality executives. Like I said, that is the Mayor and the appointing bodies. I have to acknowledge the Mayor that in the past few years, he has really been dedicated to finding and recruiting competent executive leadership and I think about Kamuela Cobb-Adams, Larry Dill, Steve Hunt, Ken Shimonishi, and the Managing Director. We have to think about supporting quality. I have some questions about these tiers and how they are applied, but overall, I think we have to support some executive-level increases, otherwise we will not have a set up for a well-functioning County.

Committee Chair Kaneshiro: I just want to put the bug in everybody's ear, but Council Chair said it also that we are not looking at this as who is there now and do they deserve a raise. Council Chair said that he is looking at public safety. We need to look at the position as, "Do they need certifications?" If we are going to end up going through by line item, it cannot be because we like the person or we do not like the person. This money is not for that particular person; it is for that position. I am just throwing it out there. Councilmember Hooser.

Councilmember Hooser: Thank you, Chair. I will go back to my earlier remarks and I differ with some of my colleagues on this. I think the large extent is about the money and there are good, hardworking people all over our community who deserve to earn more, but the businesses and the organizations cannot afford to pay more. Whether someone deserves to earn more or whether the positions deserve more or whether other people get paid more, that is only part of the equation. A huge part of the equation is the ability to pay. If the County does not have the money to pay without raising taxes on residents whose taxes have increased every year for the past three (3) years or more, ever since I have been here, then that is a consideration that is very important. We have to look at the ability to pay, as well as what people deserve and what the needs are. The ability to pay has to be considered. Again, right after this item, we are going to have another item on the agenda that calls for a very large increase in the General Excise Tax. We are going to be told that the roads are falling apart and our bridges are in dire need. We are going to hear that because we heard it before. We have needs for additional personnel. There is no shortage of needs and we have to look at the ability to pay. Unless I can hear from the Administration that these raises or any raises can be accommodated in the budget without raising taxes for residents, I will be unable to support those increases. Thank you.

Committee Chair Kaneshiro: Councilmember Kagawa.

Councilmember Kagawa: First of all, I would like to thank the Members of the Salary Commission like Camilla, Bob, and Sheri. To come out today and speak and share with us your beliefs and feelings on this shows to me that you are very committed to what you have accomplished and what you are trying to do for the betterment of Kaua'i. It is a very impressive group. I know Sheri from the State. She is top-gun when you talk about knowing employee finances for the State, for Kaua'i. She is a remarkable addition to the Salary Commission, so I think the Boards and Commissions has done a great job on the Salary Commission. What they have done is they have come up with not something that is beyond what they should get. I think they have come up with something that they think that the Council can bite on, that we can afford, and that is eight hundred thousand dollars (\$800,000). I think the fact of the matter is that I think this Council is in the predicament that it has never been in for a while and it is about finances and what we are going to do to be sustainable moving forward. We have proposes before us for a General Excise Tax increase. In the previous years, as mentioned earlier, we have had increases to the fuel taxes and car registration fees. Guess what? There is another increase. Senate Bill...I do not have the number in front of me, is proposing to increase car registration fees and fuel taxes from the State that will increase every vehicle by eighty-three dollars (\$83) next year on Kaua'i; eighty-three dollars (\$83) for every car that is out there is going to go up if this Senate Bill passes. How much can the residents bear? It is not only rich people that drive cars. There are a lot of poor families that have more cars than people in the middle-class families. Why? They need to get to school, work, and wherever and the bus is not reliable for them. When you talk about regressive taxes, let us not only talk about the General Excise Tax. The fuel tax and the car registration tax hits the lower class just as hard as everybody else or harder. If you drive pass the low-income housing, there are more cars that are nicer than we have in our residential areas, and this is not a joke. It is serious. They need it to get around, pick up their kids from school, or do whatever they have to do. That is just the way we have life in rural Kaua'i. Having said that, we are looking at an eight hundred thousand dollar (\$800,000) increase when estimates have us at maybe six million dollars (\$6,000,000) profit after we pay our Transportation Investment Generating Economic Recovery (TIGER) grant or anticipated pay raises for next year. Basically, for a two hundred million dollar (\$200,000,000) budget to have six million dollars (\$6,000,000) in our savings with all the bridges and roads that need to be fixed urgently, I would say that we are broke. What do we do? Do we do what the Salary Commission tells us, where we need to do this or we could lose some good managers? Do we hold off, wait until the budget, and try and maybe give those salaries that we really know we need to keep? I have a list of them right here. I do not know if it is appropriate or not, but I am a straight shooter: I think the County Attorney needs a raise; I think the Director of Finance needs a raise; I think the Planning Director needs a raise. I am talking about just based on what I think is impactful in the community. I think the Chief of Police needs a raise. I think the Fire Chief needs a raise. I believe the County Engineer needs a raise. Beyond that, I would say let us hold off. I am one (1) vote out of seven (7) votes and I just believe that I hope that those raises could come out of reducing existing overtime within those budgets. I think management-wise, it is upon the manager to be able to say, "Hey, this is not really necessary overtime." I believe they can make those cuts if needed. I just read off a few and I may have missed a couple, but I am reading off

those that I feel are urgent in order to correct salary inversion. Of course, we have a Mayor and Mayor Baptiste set the precedent—he needs a raise. The head of Kaua'i Island Utility Cooperative (KIUC) makes over four hundred thousand dollars (\$400,000) and our Mayor makes one hundred twenty thousand dollars (\$120,000). This Mayor is all over the place listening to everybody's concern, taking in all the complaints every day. Mayor Baptiste set the precedent and he has gone equal or beyond that precedent. Does he deserve a raise? Of course. Does the Managing Director receive a raise, given what the County is facing right now with all the problems and all the complaints like Transient Vacation Rentals (TVRs), Bed and Breakfasts (B&Bs), and whatever? I think they all deserve a raise. How do we balance the budget with the limited resources that we have? We have six million dollars (\$6,000,000) in the bank and we have a two hundred million dollar (\$200,000,000) a year budget—we are broke. Yes, it does come down to finances, period. We want to do the right thing and we want to respect what the Commission members did. We do not want to waste their time. Why should we have a commission if we are not going to listen to them? Can we afford it? Maybe. I do not know. I think the solution is working together. That is where I am at. If I had to decide today whether it is yes or no, I am a no. Thank you.

Committee Chair Kaneshiro: Anyone else? As far as I go, I think the Salary Commission did an excellent job in their analysis and presentation. I appreciate all of their hard work. I did watch the meeting from last week and looked through our itinerary and all of the information they provided, and I think they did a really good job. Of course, they have no skin in the game. They are here just trying to look at and say what is fair and where it should be. They do not have any relationship to the Mayor or anything to say, "Oh, I want this person to be higher and that person to be lower." It is just what does it look like in the State and where do we think our County people should be? We have to take that. All of us have our own opinions on where we think everybody should be, but we actually have a commission that is set up to look at it objectively and say, "This is what we believe is right and fair." I carry that with a lot of weight. Last year I said, "Oh, I am not going to do it because it is not the right time." Then from last week or whenever I heard it about it, I started thinking about it and I thought, "I do not think there is ever going to be a right time to increase salaries." Do you wait until the Mayor is gone, and then the new mayor is in and say, "Hey, the new mayor is in, so those people should just get higher than what they are at, then we will not increase it again." Who knows? I could not think of a right time to do it. I think the threat of kicking the can down the road is real. We have seen it with a lot of stuff in our budget. We have seen it with our roads—one hundred million dollars (\$100,000,000) behind. It is very hard to swallow a one hundred million dollar (\$100,000,000) repair or upgrade of our roads. Just like this, I think the longer we wait, the harder the pill is going to be to swallow. Again, it is going to be, "Oh, it is not the right time." For me, I am open to the discussion and listening. Definitely, as far as the Council's salaries, if we want to scratch that, then I am open to that. Again, I am open to hearing what is going on. My fear is that we are going to end up with such a huge gap that it is going to be impossible for us to swallow the pill of saying when do we ever get them back up towards where they should be and the Salary Commission put in the time and effort to say where it should be and we just reject it every time because we do not want to see any

increases. I think the Administration heard it loud and clear; there are valid concerns. What is our ability to pay for this increase? What are the appointed positions? What are the other increases going on in the County that the County has control of? I think those are the things that we are going to see next week as we go through this deliberation. If there are any other questions from the Members, please get it to Jenelle as soon as possible so that we can get it answered. I am not sure how we are going to get through this because I think we need to approve it altogether. If we start crossing off positions or doing something and not everybody is in agreement, it could possibly go without us in agreement on what it should be. That is my one fear. I think our goal in the next meeting should be that we are all comfortable on voting on it as-is. I would hate to see us not be able to pass something or reject it in whole. Council Chair Rapozo.

Council Chair Rapozo: Is there a consensus or do you want to try to see a consensus on some of these positions today or would you rather wait? If you are honestly not ready, then let us not do it, but if some of you are ready on some of these positions...I think Councilmember Kagawa named a few. I did also. I am not sure what is going to change between today and next week is what I am trying to say. Let us just go down the list and if there is a consensus to reject or to keep, then we move forward and only discuss the ones that we are ready on. If you are not ready, then you are not ready, but I think for some...we will just start with the Mayor. Is anybody opposed to the Mayor having a raise?

Councilmember Kualii: I am.

Council Chair Rapozo: You are?

Councilmember Kualii: Yes.

Council Chair Rapozo: Okay. Is anyone else opposed to the Mayor having a raise?

Councilmember Hooser: As I mentioned before, I cannot support any raises until I see that the budget is balanced without raising taxes.

Councilmember Kualii: Those are my feelings also.

Council Chair Rapozo: Trust me—like I said last week and I think I restated today, if there is no vehicle to fund these raises, then I am not supporting anything. But we have to know what that number is. We know what the number is and I know Councilmember Kagawa talked about eight hundred thousand dollars (\$800,000); it has since been reduced to six hundred thousand dollars (\$600,000) because they took out the Department of Water Manager because that is not funded through the General Fund. What is that number? If there is a consensus...again, you start off by saying what you believe is fair and equitable, then what is not fair and equitable you kick out. At the end of the day, you will have the positions that this Council agrees should get raises and then you will have a number. Next week, you determine how you are going to fund it. Today is only a Committee Meeting, so basically what I am trying to do is refine the list down to the

positions that we believe should get the raises. If we cannot agree on that today, I do not know what will change between today or next week that is going to make a difference.

Committee Chair Kaneshiro: Councilmember Kagawa.

Councilmember Kagawa: Again, you can have reservations pending the total effect on the budget, but if we really want to move forward on it, we could go in seriatim and at least water down this so it is not such a large number or we can just wait and do it all in two (2) weeks. I am either way, but if you want to see if we get a feeling here on this body as far as which ones are in and out as of today, I think we can accomplish that because you still have your vote at the Council Meeting to say no to everything, but at least you will be working with a smaller number.

Council Chair Rapozo: Again, my request to the Administration has not changed. The response that was provided is not sufficient for me because it talks about one (1) year funding. I am looking at the permanent funding. How do we sustain this? That is the question that I want to give them an opportunity to respond to if, in fact, they are going to make any changes. Again, is this body willing to make the necessary cuts in the budget, permanent cuts, that is going to be able to fund this beyond year one of the raise? As of today, it is six hundred thousand dollars (\$600,000) plus, which would equate to maybe six (6) positions that would have to be cut if we are talking about the upper-level positions, even more if you go down to the lower-funded existing positions. If we are not willing to do that, then I am not sure how we pay for it. I did want to address the collective bargaining. We do not question how we are going to fund the raises when the collective bargaining raises come to this table, but the reality is that those negotiations are done at the contract negotiation level at the State and binding arbitration. Basically, this is what the arbitrator said you folks will pay. We have an opportunity at that point to state our inability to pay and we never succeed. That has already been vetted through the process. We do not have that opportunity, but today we do. We can make that request—how we are going to pay for it?

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: I want to say my understanding of the law is that it comes to the Council because it is about whether the Council has the money to pay. If it is set by arbitration and we cannot change it, then it would not come to us.

Committee Chair Kaneshiro: I do not want to go back and forth on the collective bargaining either. I just want to concentrate on the salaries we have in front of us. If you folks want to, we can through them one-by-one. Hopefully our opinions do not change next week. We will have to go through the whole exercise again. I have a few Councilmembers that will probably vote no on the entire thing and we have some that would probably vote yes on it if it was only some particular positions. It is so hard when we have to try and figure it out right here on the table

right now. I think any way we can get it closer to where we are going to end up, I am willing to try it. I guess we can try and go through each one and see who wants to keep the position. I think it still would be prudent to go through it next week again. I do not know if you are going to look through more information and say, "My priority has changed." Councilmember Yukimura.

Councilmember Yukimura: As I look at it, there are some that deserve a raise, but maybe not as much. Just a procedural question is if we reject it, can the Salary Commission come back with another proposal?

Committee Chair Kaneshiro: I am not sure. I know from our standpoint, we cannot change the number.

Councilmember Yukimura: I understand that.

Committee Chair Kaneshiro: It is either to accept or reject. I do not know if they will have enough time to come back with something else.

Councilmember Yukimura: Okay. The other thing I wanted to say was about the deputy county attorneys, you cannot compare them with a seasoned manager at the department head level because some of them are right out of law school and they are sort of in training and some are highly seasoned. That is why I think many of the deputy county attorneys are not set to the maximum because it is a very different situation than a department head, just so we understand that. I think we need to give the County Attorney and the Prosecuting Attorney the discretion to set it at the level they think is appropriate and we need to give them that unless there showed to be some abuse, which I do not see at this point.

Committee Chair Kaneshiro: How would we like to proceed?

Councilmember Kagawa: I would just like to defer if that is okay with you folks. I will make the motion when we are ready.

Committee Chair Kaneshiro: We are not going to hash it out in this meeting, but I would like to get it hashed out in the next meeting so that when we go to the full Council, at least we have an idea of where we are heading when it gets there. We will not have any more time once it gets to the Council. We will need to pass something at that time. As of right now, some people need more information and I think with more information, maybe we will make a better decision on if we are going to go by each line item and really come up with which one we want to keep and which one we do not want to keep.

Council Chair Rapozo: I just have a real quick question. I guess what I am interested in is what more information are we going to be requesting and will we be able to get it from whoever we are asking it from. Would we be able to go around the table to find out what the reasons are, what we are waiting for, and what information we are waiting for? Let us get it on the record so that there is not this, "Oh, I did not get the question last week." What information is prohibiting you folks from voting today? If you need more information, then I will definitely support

the deferral, but if it is just because we feel uncomfortable because there are a lot of people in the audience, I do not buy that. If we do not have information that we do not have today that we need to make this decision, then let us go ahead and state it so the staff can note it so that we can get the communications out today so that we can have the discussion and not just another roundtable discussion. That is all. I am just trying to move this forward.

Committee Chair Kaneshiro: There was two (2) main questions that I heard and if there is any more, please vet it, but one main question was how are we going to fund these raises and the second question was what other raises in the County that the Administration has control of, what are the increases over those positions? Councilmember Chock.

Councilmember Chock: I think in addition to that, what I heard was where are these cuts going to come from? We want to know where they are going to come from in the Administration in terms of ongoing annual costs. At least from my perspective, and mine is very similar to Councilmember Kagawa's in terms of support as it is right now, but I do believe that would expand if I was to hear about where these cuts would come from. That is why by next week it could change if we get that information.

Committee Chair Kaneshiro: Councilmember Kualii.

Councilmember Kualii: Mr. Furfaro provided a lot of information and I have not been able to read through it yet, based on some of the questions that I asked. The other question I asked, and I do not think I am going to get answers to, is justification on where we are having problems with attracting good folks for vacancies as directors or deputy directors and where we are having problems with retaining good directors and deputy directors or any of these positions. We heard the obvious of the Deputy Fire Chief and Deputy Police Chief, but where else? My last question was about, and Mr. Furfaro said he was thinking it would take a little bit more help from the rest of the Administration, is the question about for each position, how many number of employees in that department, how many number of employees under the direct supervision of that position, and how many number of employees under the overall supervision for that position. That is something we should have that should not take more than a few days to put together.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: So I would like to do some addition and see what kind of total sums come out and I also just want some time to think about this because I was not anticipating going position by position. I can see some possibly bright dividing lines. I think we also have to factor in if there is going to be increases to excluded employee-managers that is going to increase inversion for some of the positions on the salary that may not exist right now. Those are the kinds of things I would like to be able to really look at all perspectives before I make a decision.

Committee Chair Kaneshiro: Any further discussion? Council Chair Rapozo.

Council Chair Rapozo: I just have one other question for the Fire Department. If they are going to reclassify and they are not going to have a deputy, then obviously that would be excluded or removed. I will share with you this report from Human Resources. I did get it. It shows all the prior department heads that left the County and I can tell you that the ones that left did not leave because of pay. The names that I have here did not leave because of pay. Whether they retired or they moved on...our Mayor was one that left the Department of Parks and Recreation to become the Mayor, Steven Hunt may have been for...a lot of these were just that they retired. I will share this list with everybody so they can take a look.

Committee Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: Just to add to the discussion and ongoing decision process, for me, the current list that I am looking at involves the need to be competitive in certain positions right now. For me, this is about budget still so it is about addressing the most needed right now, because I believe all of these needs to be addressed. We need to figure out how we are going to get here to increasing these salaries. If I had to make a decision right now, based on competitiveness on salary, that is my first. The other is trying to address the inversions. I did look at it as time in position, but not so much from a standpoint of performance. It was really about...like I said, everyone deserves it, so who has been in there longer that we could attribute that salary. I think performance is an issue, but that is not our *kuleana*.

Committee Chair Kaneshiro: Again, we cannot make these decisions based on the current person there. The decision is based on the position, what kind of credentials that person needs in that position, and if we feel that pay is right for that position. We also need to be aware that if we cannot come to a consensus next week, there may be some compromising as far as you may not want an increase in that one, but if we cannot come to an agreement then it is going to pass as-is. That is the reality that we may have to face also. Councilmember Kuali'i.

Councilmember Kuali'i: Along those lines in the comment you just made, to me, for next week it makes more sense for us to take the big votes because if the big votes succeed, we do not need to start picking this apart. If you took the vote to reject in whole and it did not get five (5) votes, then you move on to the vote to accept or receive as-is. If it does not get four (4) votes, then that fails also. Then we get to that last painful exercise of picking this apart position by position and trying to get five (5) votes to reject the raise for each position. If we were to vote today, and only Councilmember Hooser and I are principally against all raises because we need more time and because we do not see the ability to pay and all of that, you might have five (5) votes to deal with it today, but I think these big votes starting next week would be better to do prior to position by position. That is just my suggestion, process-wise.

Committee Chair Kaneshiro: Councilmember Kagawa.

Councilmember Kagawa: Do not count my vote. I am just kidding. I just wanted a little more information. The other pay line, if the Director of Finance and Human Resources can break out the other pay line for Police and Fire. I am just curious. I put it up on the board what the other pay was and I called it "overtime" and you clarified and said that some of it is not overtime. I think we should be fair, too, to see to the public what the overtime for each of those is. I think to be fair, I think with the Police you can expand and maybe goes up to thirty (30) employees because you went thirty (30) on the Fire and you only went fifteen (15) on the Police. Let us take the top thirty (30) of each and let us see what we have and what kind of overtime we are looking at for all of those as we decide what is a reasonable number for salary inversion. Thank you, Chair.

Committee Chair Kaneshiro: Any further discussion?

Council Chair Rapozo: You keep referencing next week. Are we going to defer this?

Committee Chair Kaneshiro: Yes, two (2) weeks if anything.

Council Chair Rapozo: Okay.

Committee Chair Kaneshiro: Yes, it is going to get deferred to the next Committee Meeting, so we will actually be looking at this two (2) more times because there will be another Committee Meeting and then it will be our Council Meeting.

Councilmember Chock moved to defer C 2016-44, seconded by Councilmember Kagawa, and unanimously carried.

Committee Chair Kaneshiro: We will take a ten (10) minute caption break before we get to Bill No. 2610.

There being no objections, the meeting recessed at 3:22 p.m.

The meeting reconvened at 3:52 p.m., and proceeded as follows:

Committee Chair Kaneshiro: Welcome back to the Budget & Finance Committee Meeting. Clerk, can you please read the next item?

Bill No. 2610 A BILL FOR AN ORDINANCE TO ESTABLISH A GENERAL
EXCISE AND USE TAX SURCHARGE FOR THE COUNTY OF
KAUA'I (This item was Deferred to April 13, 2016.)

Council Chair Rapozo moved to receive Bill No. 2610 for the record, seconded by Councilmember Kagawa.

Committee Chair Kaneshiro: I know we asked a lot of questions of the Administration. I do not know if we have any more questions for them. I know we do have an amendment as a housekeeping item, so if you want to go through the amendment, Councilmember Chock, you may.

Councilmember Chock: I move to amend Bill No. 2610 as circulated.

Councilmember Yukimura: I do not think you can have a motion to amend on a motion to receive.

Councilmember Kagawa: I will withdraw my second.

Committee Chair Kaneshiro: Yes, so we need to withdraw then. We have an amendment ready to be introduced.

Councilmember Kagawa: Move to approve for discussion.

Councilmember Kualii: Second.

Councilmember Chock: I move to amend as circulated.

Council Chair Rapozo: I did not withdraw my motion. I want to see the amendment. I do not know what that is.

Councilmember Chock: To form that account.

Committee Chair Kaneshiro: We have to change the motion to look at the amendment.

Council Chair Rapozo: Well, if you remove the second then there is no motion.

Councilmember Kagawa: Yes, I removed my second.

Council Chair Rapozo: That is fine. There is no second, so there is no motion.

Councilmember Kagawa moved to approve Bill No. 2610, seconded by Councilmember Kualii.

Councilmember Chock moved to amend Bill No. 2610 as circulated, as shown in the Floor Amendment, which is attached hereto as Attachment 1, seconded by Councilmember Kagawa.

Councilmember Chock: This is on request, so I am just introducing this. It is on Section 5.3.2, addition of a Special GET Surcharge Fund. I will just read the whole section. It says, "All moneys received from the State derived from the imposition of the surcharge established under this article shall be deposited into, rather than the Highway Fund, a Special GET Surcharge Fund and expend it

for the following purposes authorized by the State law,” which are roadways and transit.

Committee Chair Kaneshiro: Basically, the money was going to go into the Highway Fund and the Administration wanted us to change it to the Special GET Surcharge Fund where if the GET passes, the fund would be set up as a Special GET Surcharge Fund so they can keep track of the money in that fund.

Council Chair Rapozo: I have a process question. That fund has to be created in the budget before you can assign the funds, right?

Councilmember Chock: I would suggest that the Administration answer that question, because the amendment is by request.

Council Chair Rapozo: I do not know if this amendment creates the fund. I do not believe we can just create a fund with an amendment, but I could be wrong.

Committee Chair Kaneshiro: I will suspend the rules.

Councilmember Kagawa: Chair, just to let you know, I did second the amendment.

There being no objections, the rules were suspended.

Mr. Shimonishi: Ken Shimonishi, Director of Finance. Typically, we take directions from the ordinance to establish a fund, and in this case, if we are establishing a special fund, then we would do so accordingly.

Council Chair Rapozo: Does this establish the fund?

Mr. Shimonishi: I am sorry, I do not have that in front of me.

Council Chair Rapozo: That is what we need to clarify before we pass this thing.

Mr. Shimonishi: We could add that verbiage. I would recommend that we add that language to establish a fund hereby known as the “GET Surcharge Fund.”

Council Chair Rapozo: That is why I was asking because I do not think we can just create these funds just like that. It is a process to create...typically when we create a fund in the budget, it comes with an explanation of what you can do, what you can use it for, and all of that stuff, and that has not been done. Anyway, whatever you folks want to do. I am just suggesting that we do it right, because the fact that we are saying that money is going to a fund—that fund does not exist until this Council establishes that fund.

Mr. Shimonishi:
ordinance to establish the fund.

Yes, that would be correct and as part of the

Councilmember Kagawa:
incorrect?

Shall we withdraw the amendment if it is

Councilmember Chock: Can I have more discussion? It is like the "chicken and the egg," right? If we do move down this road, I guess the question for me is does this need to be in the current ordinance now in order for them to move in the direction of establishing the fund? That is the question that I have. Again, this was by request, so I need some help here from the Administration to understand and give us the direction about the importance of this. I would appreciate that. Also, the timeliness of it. If this can come in later, that is fine. Is it imperative in passing this Bill that we are looking at?

Mr. Shimonishi: So the Bill can be passed and at a later date we would establish a fund to receive the GET moneys, if it so passes. That is what was done on O'ahu, so we could also follow that course. Again, I am not trying to compare Kaua'i to O'ahu in terms of what the GET moneys are used for, et cetera, but that was kind of the research that we did, that a special fund was established subsequent to the passage of the ordinance. It would be desirable to have it done upfront, so I apologize to Councilmember Chock for not getting that connection straight.

Committee Chair Kaneshiro: Do you folks still want it in?

Mr. Shimonishi: Yes, we want it in.

Committee Chair Kaneshiro: Any further discussion? We are just going to take a vote on it up or down. Ken, as far as the verbiage goes, does it need to say that a new fund shall be created or is this verbiage appropriate?

Mr. Shimonishi: Again, I believe we want it to say, "A new fund is established" or "a new fund is created."

Committee Chair Kaneshiro: So this amendment would need to be corrected.

Mr. Shimonishi: I believe the language could be read, "All moneys received from the State derived from the imposition of the surcharge established under this article shall be deposited into a newly established Special GET Surcharge Fund."

Council Chair Rapozo: I believe that you cannot just create a fund. That would require a whole separate process that would require the public process. In other words, you need to have it noticed and not just inserted in the middle of a bill. Jade can correct me if I am wrong. If you are going to establish a new line item in the budget, it has to be done in a separate proceeding, as I recall. I guess that is what I am trying to say. We cannot just go, "Okay, let us create this fund

and sneak it into this amendment.” I know that is not the intent. Maybe Jade or Scott can help me. I believe that would require a whole process in itself. When we created the park fund, we went through the whole process. Jade, can you help me out?

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: I researched the bill that Maui’s Mayor Arakawa sent to the Maui Council with an excise tax proposal. He did it in the same bill; he did it in one (1) bill. But the Chair is right that you have to have language that creates a fund. The bill that the Mayor sent to Maui Council created the fund in one section, and then specified the use and the amount. He actually had a blank amount. I believe you can do it that way. I do not think it needs to be a separate bill, but there has to be language separately creating it.

Committee Chair Kaneshiro: So my suggestion would be to just withdraw the amendment. If the GET passes, then we will go through and add the language. If it does not, then we do not need to worry about it.

Councilmember Chock withdrew his motion to amend Bill No. 2610 as circulated, as shown in the Floor Amendment. Councilmember Kagawa withdrew the second.

Committee Chair Kaneshiro: Do we need another motion?

Council Chair Rapozo: The motion is to approve, so we are working on a motion to approve.

Committee Chair Kaneshiro: Okay. We have some questions for the Administration, so the rules are still suspended. Do we have further questions for the Administration? Councilmember Chock.

Councilmember Chock: I do not know if you wanted to have Councilmember Yukimura do her presentation first, but I know that the Administration had several other options for us to consider that they have been working on. I would like to be able to hear those as well. Thank you.

Councilmember Yukimura: Committee Chair Kaneshiro, I do have a presentation regarding this subject.

Committee Chair Kaneshiro: I will give you five (5) minutes for your presentation.

Councilmember Yukimura: What is the rule?

Committee Chair Kaneshiro: Five (5) minutes for your presentation.

Councilmember Yukimura: I will do the best I can.

Committee Chair Kaneshiro: Councilmember Yukimura, we will have the light on for five (5) minutes. Unless you are going to provide an amendment to this, you could state your point very quickly.

Councilmember Yukimura: I am going to provide an amendment.

Committee Chair Kaneshiro: Do you have an amendment prepared?

Councilmember Yukimura: Yes, I do. Aida has it.

Committee Chair Kaneshiro: Should we take the amendment first, and then have the presentation? I need a motion for your amendment.

Councilmember Yukimura moved to amend Bill No. 2610 as circulated, as shown in the Floor Amendment, which is attached hereto as Attachment 2, seconded by Councilmember Chock.

Committee Chair Kaneshiro: I do not want a twenty (20) minute presentation on this.

Councilmember Yukimura: It is about a motion that I am making, so it is relevant if you would please allow me to proceed.

Committee Chair Kaneshiro: Please just be considerate with all of us. If you are going to go over all of the information we have already heard—just state what your amendment is and the changes. The amendment is here.

Councilmember Yukimura: I am proposing to reduce the one-half percent (0.5%) to one-quarter percent (0.25%) and to make up the difference with motor vehicle, fuel, and vehicle weight taxes. May I proceed, Chair?

Committee Chair Kaneshiro: Okay, so if your amendment is to reduce the GET number, then please proceed with your presentation.

Councilmember Yukimura: Thank you, it is. Can I have the first slide, please? I appreciate the opportunity to suggest an alternative to the Mayor's proposed one-half percent (0.5%) excise tax. His proposal contains some good points, which I have tried to incorporate. One the problems with the Mayor's proposal is a lack of clarity about what the priorities are and my proposal organizes the funding around what I believe our community's key transportation priorities are like fixing roads, reducing congestion, and expanding our bus system. My proposal also suggests a fair and equitable way to fund these priorities. We must solve our transportation problems and these are the top three (3) priorities as I perceive them to be and I would welcome input: reducing traffic congestion or increasing the functionality of our roads, fixing our roads—if we do not fix this, the bill will get bigger as the roads deteriorate and if we do not fix our roads, we will have to fix our cars. Finally, bus expansion is the key to providing affordable transportation options into the future. Councilmember Kagawa talked about how low-income families have many cars and that is very expensive, about eight thousand dollars

(\$8,000) to ten thousand dollars (\$10,000) a year. If we can expand the bus system, we are giving affordable alternatives for them. It also benefits members of the community, whether or not they ride the bus in terms of health, safety, and climate change. The time for funding is now while gasoline prices are low and before road conditions and traffic congestion worsens.

So the first priority backlog of road and bridge repair and maintenance—the Department of Public Works has a comprehensive list of roads and bridges, a total estimated bill of one hundred million dollars (\$100,000,000) and the County needs eight million two hundred thousand dollars (\$8,200,000) per year to eliminate the backlog in ten (10) years. Thereafter, the County needs enough revenues to keep the road repaired at a preventative maintenance level or we will accumulate another one hundred million dollar (\$100,000,000) bill. Reducing congestion—no one has yet proposed a really viable plan of reducing congestion, especially in the most congested stretch of Wailua-Kapa‘a. Here is a plan, which I present for input, critique, partnership, and problem-solving, which is an additional north-south fourth lane, fronting Coco Palms is in progress under the State of Hawai‘i Department of Transportation’s (HDOT) jurisdiction. Bus expansion—Wailua-Kapa‘a shuttle that provides convenient and affordable alternatives for short trips will help so like people from Coconut Plantation do not have to get in a car or vice versa, people coming to Kintaro Japanese Restaurant; every half hour mainline service will help and the shuttles in the various areas will also help; and short bypasses to move traffic from Kapa‘a Town to Wailua Houselots and locating affordable housing close to job centers. The Multimodal Land Transportation Plan and expansion of the bus contains an eleven (11) page chapter on implementation. Included are periodic increases to bus fares. These are the top priorities that are included: extension of weekday schedule to weekends every hour, satellite baseyards on the north and west side will save a lot of money so that the drivers are not driving the buses out to the endpoints to start, every half hour mainline service during peak hours regional shuttles in our chief visitor areas and Līhu‘e, and bus shelters. Bus expansion will provide affordable transportation options and critical service for thirty percent (30%) of our population that does not drive, including elderly, young, and disabled. If you are not in that group, I am sure you have a grandmother or a young student who is in that group. Protecting the rural character of Kaua‘i—if you think six (6) lane highways, which are some of the proposals, are going to protect the rural character then I think you have to think again. Maximizing existing road space, increase health, lower the cost of living for families, road safety, and fossil fuel use reduction. Please note that road expansion does not provide any of the above benefits. The bus is a much more cost-effective solution than road expansion. If you talk about cost effectiveness, that is it. For the cost of widening two (2) miles of highway, which might improve congestion for two (2) to five (5) years, we can operate the bus on the weekends and later hours for eighty (80) years. For the cost of widening the highway to the Tunnel of Trees, we could operate the bus on the expanded hours specified for three hundred (300) years.

How do we pay for these three (3) priorities? It is fundamentally unfair to use the GET to fund road repair. The poorest families will pay proportionately more and I have passed this out separately...I think it is attached...it is a colored

sheet showing the percentage of income that poor families have to pay GET taxes. If not, it will be passed out separately. I know that a big thing is about reducing waste in government and I commend Councilmember Kagawa for trying to reduce overtime, so we are looking for ways to save money, but the savings that have been found are not large enough to cover our three (3) priorities. New tax revenues will be required and the road users who benefit the most should provide funding in proportion based on use and wear-and-tear. The County has been granted GET power and that is a logical revenue source for the bus expansion because the people who will be hurt most will benefit the most from bus expansion. A lot of people have been saying, "Let us tax rental cars," and I am not sure how much it will generate, but I know at this time that the County does not have the power to tax rental cars.

So my proposal for new transportation revenues is one-quarter percent (0.25%) excise tax to pay for transit expansion and implementation of the Multimodal Land Transportation Plan, because that plan is the key to well-functioning and sustainable land transportation systems, and while it proportionately hurts lower income families, it also helps them save more. If they get rid of one (1) car for a fifty thousand dollar (\$50,000) mortgage and if they save money for the life of their child until they are seventeen (17) years old, until the child becomes an independent, they can save one hundred thirty-eight thousand dollars (\$138,000) that could pay for a college education. Transit expansion will benefit the whole community. That is why an excise tax on the whole community makes sense. Finally, there is a proposal to increase the fuel tax by fifteen cents (\$0.15) per gallon and vehicle weight tax by one point three eight cents (\$0.138) cents to eliminate the one hundred million dollar (\$100,000,000) backlog, and then we can remove the fifteen cents (\$0.15) after we have done away with the one hundred million dollars (\$100,000,000). This is the typical impact of combining fuel and weight vehicle increases. A compact car will pay thirty-four cents (\$0.34) daily or an annual amount of one hundred twenty-four dollars (\$124), which is a monthly average of ten dollars (\$10). That is assuming that they fill up once a week, which will vary of course, depending on the car. A blockbuster truck will be sixty-seven cents (\$0.67) a day or two hundred forty-six dollars (\$246) annually or twenty dollars (\$20) a month. I hope that people are willing to pay that much to keep our roads in good condition. If it seems like a lot, it is because we have had ten (10) to twenty (20) years of not paving and not charging ourselves what it takes to maintain the roads. We cannot continue this way. We have to address road repair and I think the fairest way is to make the users pay. I do not think it will be that much. It will be a definite time period to do it, and then we can go back to something that will allow us to have sustainable roads.

Committee Chair Kaneshiro: Thank you. Can you please summarize your amendment? From what I see, you are basically reducing the General Excise Tax from one-half percent (0.5%) to one-quarter percent (0.25%), eliminating any work for roads, and adding work for transit systems and pedestrian and bicycle improvements.

Councilmember Yukimura: I am not adding. That was already included in the Mayor's proposal that some of the excise tax moneys would be used for transit

and for walking and biking facilities. They were put into Complete Streets category, but they are included.

Council Chair Rapozo: I have a question for Councilmember Yukimura.

Committee Chair Kaneshiro: Council Chair Rapozo.

Council Chair Rapozo: I have a question for the introducer. So absolutely no funds for paving?

Councilmember Yukimura: Repaving...all of the moneys from the fuel and weight tax would go to...

Council Chair Rapozo: No, I am not talking about fuel and weight. This is for the GET.

Councilmember Yukimura: Right.

Committee Chair Kaneshiro: I do not want to interrupt, but the GET is basically...

Councilmember Yukimura: You are correct, Chair. I have said that...

Committee Chair Kaneshiro: We are not talking about the fuel or weight taxes. We are talking about the GET.

Councilmember Yukimura: But my proposal reduces the amount of GET, so I am proposing another way to fund it.

Committee Chair Kaneshiro: I understand, but that is not in here.

Council Chair Rapozo: Yes, I asked the question.

Councilmember Yukimura: But I can talk about it.

Council Chair Rapozo: I asked the question. I had the floor.

Councilmember Yukimura: Come on.

Committee Chair Kaneshiro: Councilmember Yukimura.

Council Chair Rapozo: I asked the question if this amendment...I understand that she has an alternative and she talked about it...those alternatives may not pass, so we cannot assume that anything is going to pass, but I am just saying that if this passes today, then there will be no GET money for road paving.

Councilmember Yukimura: Of course. We can...

Council Chair Rapozo:

That is all I needed. Thank you.

Councilmember Yukimura: Well, I would like to respond. We can defer this Bill. I have two (2) bills to introduce that would implement a fuel and vehicle weight tax and we can have the discussion in the community about whether those are viable, and then we can pass all three (3) bills at once. It is just like with the tax cap, we kept the tax cap bill alive until we had the assessment cap and we were able to look at both of them and we chose one over the other.

Committee Chair Kaneshiro: Councilmember Kagawa.

Councilmember Kagawa: Councilmember Yukimura, yesterday the Senate of Ways & Means Committee passed Senate Bill No. 2938 that will bring in seventy-five million dollars (\$75,000,000) more to the State of Hawai'i by increasing fuel taxes in the amount of, I believe, six cents (\$0.06)...three cents (\$0.03)...it is going to go up from sixteen cents (\$0.16) to nineteen cents (\$0.19) per gallon and also car registration fees. It will increase every typical motorist about eighty-three dollars (\$83) per year in the State of Hawai'i. I am wondering if they beat you to the punch on this or do you want to increase the fuel and weight taxes in addition to the eighty-three dollars (\$83) per vehicle that the Senate is planning to increase?

Councilmember Yukimura: I am not supporting the Senate Bill. We do not know what is going to happen. They are both proposals. I will tell you that if we pass ours and they do not pass theirs, then we will be able to repair our roads. If they pass theirs and we pass ours, there would be this additional burden on both places. If you just take the fuel taxes alone and you say six cents (\$0.06) plus fifteen cents (\$0.15) is twenty-one cents (\$0.21) a gallon. Drivers are now saving about two dollars (\$2) a gallon from would two (2) years ago, so now is the time to raise the fuel tax so that we can repave our roads before oil prices go up. Now is the time. Let us not wait until oil prices go up, and then try to repair our roads. To repair our roads then, asphalt will cost more, too. It is a window of opportunity to repair our roads. The question is how else are we going to repair them?

Councilmember Kagawa: Is eighty-three dollars (\$83) per year, per vehicle not enough taxes is one (1) year? We are going to add to the eighty-three dollars (\$83) per year and say that, "Oh, because fuel is low, you can pay more than eighty-three dollars (\$83) per year, per vehicle." We have to be realistic with what the taxpayers' bills are.

Councilmember Yukimura: I will go and oppose the Bill if you like, but it is six dollars (\$6)...

Councilmember Kagawa: I will, too.

Committee Chair Kaneshiro: Again, I do not want to get too far down this road because...

Councilmember Yukimura: So eighty-seven (87) divided by...

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: No, we have to repave our roads, Chair.

Committee Chair Kaneshiro: Councilmember Yukimura, the fuel tax and vehicle weight tax is not in this Bill.

Councilmember Yukimura: It is related and as long as it is related, you can talk about it. Otherwise, you cannot have a decent discussion.

Councilmember Kagawa: Chair...

Councilmember Yukimura: If Councilmember Kagawa can speak about it, I can answer it.

Councilmember Kagawa: You did your presentation about it, so I asked you about it.

Councilmember Yukimura: I know.

Councilmember Kagawa: I did not bring it up out of the blue.

Councilmember Yukimura: Right, but Committee Chair Kaneshiro allowed you to speak about it, so I should, too. So eighty-seven (87) divided by twelve (12) is seven dollars (\$7) a month. I agree...I do not want to do it either way, but how are we going to fix our roads?

Councilmember Kagawa: Cut our Operating Budget.

Committee Chair Kaneshiro: That is enough.

Councilmember Yukimura: Should the users of the roads...

Committee Chair Kaneshiro: Councilmember Yukimura, you answered. If you look at this Bill, we do not have money for our roads, it is just we are reducing GET to one-quarter percent (0.25%), and the money is going to transit. Do we have any further questions on this amendment?

Councilmember Yukimura: It is going to transit...

Committee Chair Kaneshiro: I do not want to continue going down the road of asking questions about vehicle weight tax or fuel tax because that is not part of this amendment and we have no clue whether that will come up in the future or whether it will pass or not. We have to take the information that we have now and do the vote on what we have now.

Councilmember Yukimura: Chair, I am creating a comprehensive plan, by which to address key priorities of this community. We should be able to discuss it as such. I am almost responsible...if I drop a source of funding that was going to

be used for road repair, I have the right and it is related to the topic so that I should be able to speak about it.

Committee Chair Kaneshiro: Council Chair Rapozo.

Council Chair Rapozo: You generously gave her that opportunity to speak a lot more than the five (5) minutes. So what is on the table right now is the amendment. The amendment as you just pointed out reduces the GET and removes the ability for the County to use that for road paving.

Councilmember Yukimura: What is on the table right now...

Committee Chair Kaneshiro: Councilmember Yukimura...

Council Chair Rapozo: I am going to call for the question and I would ask that you entertain that. I need a second. Make the call. It is five (5) votes. I am not going to argue here and be calling points of order for the rest of the afternoon. I think it is clear what Councilmember Yukimura wants to do. I have made the motion to call for the question.

Council Chair Rapozo called for the question, seconded by Councilmember Kagawa.

Committee Chair Kaneshiro: The amendment is on the table. Let us take a roll call vote on it.

Councilmember Yukimura: We are supposed to vote on the motion to close debate.

Council Chair Rapozo: Correct.

Councilmember Yukimura: We are not voting on the amendment.

Council Chair Rapozo: Right. I am voting to take the roll call for the...

Committee Chair Kaneshiro: Okay, roll call vote to vote.

The motion to call for the question was then put, and failed by the following vote:

FOR MOTION:	Kagawa, Kuali'i, Rapozo, Kaneshiro	TOTAL – 4,
AGAINST MOTION:	Chock, Hooser, Yukimura	TOTAL – 3,
EXCUSED & NOT VOTING:	None	TOTAL – 0,
RECUSED & NOT VOTING:	None	TOTAL – 0.

Ms. Yamauchi: Four (4) ayes.

Committee Chair Kaneshiro: Can I have a roll call vote for this amendment?

Councilmember Yukimura: Motion fails.

Council Chair Rapozo: Yes. You need five (5) votes.

Committee Chair Kaneshiro: Oh, I need five (5)? Okay. Any further discussion on this amendment? Councilmember Hooser.

Councilmember Hooser: I would just like some additional clarification. The amendment is intended to reduce the proposed one-half percent (0.5%) to one-quarter percent (0.25%) and further narrows the use of those funds specifically for transit systems, pedestrian and bicycle improvements, and excludes road paving. Is that a correct interpretation of the amendment?

Councilmember Yukimura: Yes, it is. It is part of this overall plan that I proposed. This amendment assumes another way to pay for road repair.

Councilmember Hooser: Okay. I have a comment, so I will wait until you are ready for comments.

Committee Chair Kaneshiro: Any further questions on this amendment? If not, I will open it up for discussion. Councilmember Hooser.

Councilmember Hooser: I am not in support of raising the General Excise Tax, but I will be voting in support of this amendment because I think it is an improvement over the situation that I am not supportive of in general, because it does focus the funds on an area that I support and it does cut the amount of the tax in half, so I will be voting for the amendment at this time and reserve the option of voting against at the end of the day. Thank you.

Committee Chair Kaneshiro: Any further discussion from the Members? Councilmember Chock.

Councilmember Chock: I am going to vote for it as well. However, I know that there are other options to be considered that should be talked about, so I am willing to move this forward, but in the end, this needs to be much more complete for me of a package in order to be able to support it in its entirety, along with other questions. Thank you.

Committee Chair Kaneshiro: Council Chair Rapozo.

Council Chair Rapozo: I am not going to be supporting it, simply because the community that supports this GET is supporting this because they want to see improvements to the roads. That is what I am hearing. There is a person here who will hopefully come up and testify later, but that is what they want. They want improvement to the roads and improvement to congestion. This takes away from that. I am not going to support this. The fact that it reduces the

GET collected does absolutely nothing to the people...what I believe are the majority of the people that are supportive of better roads and easing up of the traffic congestion. Even in Councilmember Yukimura's slide, she listed congestion as the number one concern, but this removes that and I simply cannot support that going forward. Thank you.

Committee Chair Kaneshiro: Councilmember Kagawa.

Councilmember Kagawa: This is an easy no for me. If the one-quarter percent (0.25%) were to go to roads and bridges that are in dire need of repair, I would be more inclined to support this amendment. For me to increase more to transportation, would I have to see more proof that the current funding for transportation is being utilized to the best of our ability, and I have not seen that. There are County roads all over Kaua'i...not just congestion...I am talking about Olohena, Hanapēpē Road going to the stadium, and Kawaihau Road. It is like driving with landmines of potholes all over the place, while trying to keep your tire from popping and it is bad. I think the County Engineers have said that and they tell us that the more the roads deteriorate, the costlier it will be because we have to go down to the base costs, et cetera. Look at what we did on Hardy Street with the curbs and whatnot, and now we are going to Rice Street with the TIGER grant. There are big needs all over the island and it is literally avoiding these potholes all over the creation on heavily traveled roads. I do not know how much cars drive on Olohena Road a day. The traffic is even getting worse...just hundreds and thousands...we are talking about adding more buses with tax money when we do not even know how we can make the current buses more efficient. I see a lot of empty buses. Are they all empty? I do not know, but I sure see a lot of empty buses. Until we get those counts...it has been said that we do not even have really true counts as to how many different people ride the bus, because I guess it is too big of a job for the bus drivers to keep track. We have to do periodic audits to see that and do specific counts. Even if we have a guy that is not driving the bus to count how many different people/residents are using it to see and give the Council some good, useful information that we can rely on that tells us, "Many people are riding the bus." I have not seen that. Like I say, the bus is great for the people that use it once in a while, just for experiment-wise, but do they use it continuously? I would say no. Kaua'i people like to drive. We need to fix the roads. Thank you.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: For one thing, I want to invite Councilmember Kagawa to ride the bus with me because they are actually really crowded, especially the ones to the west side. They use it every day to go to school and work, so it is not just occasionally. Also, this is a congestion relief measure. If you remember the photos, which you did not want me to show again, there were three (3) photos where sixty (60) people; sixty (60) who rode the bus, sixty (60) who drive sixty (60) cars, and sixty (60) who rode bicycles, and the amount of road space that is freed up by bus transportation is truly a way to reduce congestion. Then to not allow me to speak about an alternative way to fund roads—because I am totally committed to funding road repairs, and I hope you are, too—and then say that this proposal does not address road repairs is not fair. It is part of a comprehensive

program that addresses everything. I want to show you this study that shows the percentage of...you will see the red...it goes from lowest twenty percent (20%) of income...do you see it here? This is the lowest twenty percent (20%)...the second lowest, up to the most...the richest people. These are for share of family income of non-elderly taxpayers. This is the General Excise Tax for low-income families. It is ten percent (10%) for the poorest people. It is one percent (1%) for the richest people. That is how regressive it is and that is why I cannot justify it to pay for roads when users of the roads...the huge, heavy trucks that cause—on Puhi Road, most of the damages are from the really heavy trucks, and you are going to put it on poor families—that does not seem right. That is why I want us to consider an alternative that I think is much fairer, because to use the excise tax to fund road repair is not fair. We all get together the support the United Way, the charity walk, and we want to help all of our families, and we are going to be causing another one hundred twenty dollars (\$120) per year to these low-income families when we could charge one hundred twenty dollars (\$120) a year to somebody who drives a Corolla that uses our roads. That is why. Thank you.

Committee Chair Kaneshiro: Any further discussion from the Members? For me, I will not be supporting this. I completely understand what your entire plan is, but again, I think most of the concerns we have received was that people want to see the roads fixed, at least, our existing roads and there was a lot of hesitation on the bus expansion...all of the employees that they would have to hire. Ultimately, the buses are going to be riding on these roads that we want to fix. I will not be supporting this amendment. Councilmember Yukimura, this is your second time. Do you have discussion?

Councilmember Yukimura: Yes. I am just trying to remember what you said right now. Go ahead.

Committee Chair Kaneshiro: Councilmember Kualii'i.

Councilmember Kualii'i: I am just going say that I support the part of the amendment that lowers it one-quarter percent (0.25%), but I do not support the part that takes away any of those funds being allocated towards roads because I do believe that is what we are hearing from the public, and that is why the Mayor made his original proposal of the seventy-five percent (75%) and the twenty-five percent (25%). Maybe there will be other amendments, but for this amendment, I cannot support it. The idea about the one hundred twenty dollars (\$120) a year to low-income families versus one hundred twenty dollars (\$120) a year to vehicle operators—I do not think it is a direct relation because the GET is spread wider by more, including visitors, and the vehicle weight is only by residents who own vehicles. You are paying it based on the vehicle.

Committee Chair Kaneshiro: Councilmember Yukimura, this is your second time.

Councilmember Yukimura: The difference is that if we do a fuel and vehicle weight tax, it is based on the people who use the roads, the extent of their use, and the amount that they damage the roads, rather than on families that if

they use the bus, do not really contribute that much to the problem with the roads. Even if there is a bus, you divide it by forty (40) passengers, it is very much less impact on the roads compared to really big trucks, but it would be by weight. The excise tax makes sense because it has so many benefits to the total community; many, many more benefits than building roads does, which only really supports road users. We have to make this shift. We all voted for the Multimodal Land Transportation Plan, or if we did not and do not support it, then we should move to not adopt it. It is the way to a future with functional roads and the key is bus service, which we know is very much needed and also allows people to save a lot of money. Councilmember Kuali'i, you wanted to raise the minimum wage to fifteen dollars (\$15) an hour for the purposes of helping the families, but if you can help them lower their costs of living, and you can have a similar impact as well. That is what the bus would do.

Committee Chair Kaneshiro: Councilmember Kuali'i.

Councilmember Kuali'i: Just to make a quick point about families who use the bus, I agree with Councilmember Yukimura's points about saving money and that they would not be affected by paying either the fuel tax or vehicle weight tax. The problem is that I think as we saw from our Transportation Planner's presentation is far, far too few of our families that actually use the bus. Even for our working class poor families—they would, maybe in a multiple family, share a car necessarily currently before they use the bus. So in a perfect future world where more families were using the bus, the numbers might work out, but it does not now.

Committee Chair Kaneshiro: Councilmember Yukimura, you spoke two (2) times already.

Councilmember Yukimura: I know, but I have a very relevant thing to say.

Committee Chair Kaneshiro: Councilmember Yukimura, you had two (2) times and it is the rules.

Councilmember Yukimura: Well, I am asking you to use your discretion and allow me to say something.

Committee Chair Kaneshiro: We are going to follow the rules.

Councilmember Yukimura: Why do you want to stop a debate?

Committee Chair Kaneshiro: Councilmember Yukimura, we are going to follow the rules. I still have one (1) more chance to talk, which I want to say something, then we are going to take the vote on this, unless anybody else who has a second time wants discussion. That is how we do it; that is how we have always done it. We are going to be fair to everybody.

Councilmember Yukimura: We have not always done it.

Committee Chair Kaneshiro: The GET going directly just for buses—again, roads is a major concern. Everyone uses the roads. Whether you are on a bus, bike, or walking, somebody has to get somewhere on a road. For me, I think the GET is a spread out tax between everybody. If you look at the bus, we currently provide four million dollars (\$4,000,000) from our General Fund to subsidize the bus and that is coming out of real property taxes. Homeowners are subsidizing the bus by four million dollars (\$4,000,000). We also provide almost three million dollars (\$3,000,000) out of the Highway Fund. So anybody that drives a vehicle, that money is going into the bus. For me, it is not about, “Hey, let us just expand the bus and we will save traffic.” It is, “Is the bus running efficiently now? If so, show me and why they need to expand.” Again, the bus is being subsidized by the General Fund and the Highway Fund already. The bus makes one million dollars (\$1,000,000), so pretty much five million dollars (\$5,000,000) of subsidized costs is going to the bus. Again, it is not free. Anytime we do bus stops, it costs us money. We have information here that every bus trip by an individual is subsidized by five dollars and twenty-one cents (\$5.21) and every bus trip by paratransit is subsidized by twenty-three dollars and forty-seven cents (\$23.47). That is the reality. Again, I think we do need road improvements. It is all about first priority, which are current existing roads for me. That is my number one priority. Everything after that is taken on an individual basis. Councilmember Hooser.

Councilmember Hooser: I think it is only fair to point out that this is public transportation and virtually every public service is subsidized. When police officers go to someone’s home for a domestic abuse call, they are not sent a bill. The public’s property tax pays for that. When the Fire Department goes somewhere or when lifeguards are out there, every public service that we offer is subsidized. None of it that I know of pays for itself, so public transportation falls into the realm of “public service.” I do not believe we should require one public service to pay for itself, unless we talk about all public services if we are going to start charging fees for every single person. Bus riders subsidize themselves that public service, so I just wanted to point that out for the record. Thank you.

Committee Chair Kaneshiro: Councilmember Kagawa.

Councilmember Kagawa: I just want to clarify, too, that there is a limit on everything, depending on how much money you have. Are we subsidizing it enough? Some of us think yes and some of us think no. It is all about finding balance, and for me, adding twelve million five hundred thousand dollars (\$12,500,000) more to the existing bus—I do not think we are capable of running efficiently; not with the current management and staff. Thank you.

Committee Chair Kaneshiro: There being no further discussion, can I get a roll call vote on this amendment?

The motion to amend Bill No. 2610 as circulated, and as shown in the Floor Amendment, which is attached hereto as Attachment 2 was then put, and failed by the following vote:

FOR AMENDMENT:	Chock, Hooser, Yukimura	TOTAL – 3,
AGAINST AMENDMENT:	Kagawa, Kualii, Rapozo, Kaneshiro	TOTAL – 4,
EXCUSED & NOT VOTING:	None	TOTAL – 0,
RECUSED & NOT VOTING:	None	TOTAL – 0.

Committee Chair Kaneshiro: The amendment fails. We are back on the main motion.

Councilmember Yukimura: Can we have public testimony?

Committee Chair Kaneshiro: I know Councilmember Chock had a question, but I know people have been waiting since 1:30 p.m. for it, so I will open it up for public testimony on the current bill.

Ms. Yamauchi: We have registered speakers. The first registered speaker is Glenn Mickens on behalf of Walter Lewis, followed by Larry Arruda.

There being no objections, the rules were suspended to take public testimony.

Mr. Mickens: For the record, Glenn Mickens. You have copies of Walter Lewis' testimony. Bill No. 2610 states that it is, "A Bill For An Ordinance To Establish A General Excise Tax And Use Tax Surcharge For The County Of Kauai." This one-half percent (0.5%) tax is stupid generate two hundred fifty-five million dollars (\$255,000,000) over ten (10) years of which ninety-eight million dollars (\$98,000,000) is for road and bridge work and related facilities. Ninety-three million dollars (\$93,000,000) is proposed for new transportation initiatives and sixty-four million dollars (\$64,000,000) is for bus expansion and facilities. A few Councilmembers will simply read our deceased Auditor, my friend Ernie Pasion's, audit of County capital project road management program, Fiscal Year 2006-2007, Phase 1, on pages fifteen (15) to twenty-seven (27). You will see just one of the many reasons why we do not need any new excise tax for our roads and bridge repair. A chart shows that we are taking in six million dollars (\$6,000,000) to probably twelve million dollars (\$12,000,000) now since the weight tax went up per year from our vehicle fuel and weight tax, and yet we are using only one million five hundred thousand dollars (\$1,500,000) to two million five hundred thousand dollars (\$2,500,000) to resurface our three hundred (300) miles of roads. So by using these tax moneys for what they were designated for, we would not need any new excise tax. If this audit under "Sub-Finding 2.2" it says, "The Highway Fund is comprised of moneys subject to restrictions such as fuel and vehicle weight taxes and utility fees. The funds are comingled and used for various purposes, including non-highway purposes so the County cannot ensure that the funds are being used as required by law. For recommendation in Sub-Finding 2.2, we recommend that the Department of Public Works and the Finance Department amend their existing policies and procedures to include detail policies on the Administration and use of the Highway Fund to ensure compliance with State law restrictions on the use of fuel and vehicle weight taxes and public utility franchise fees. We also recommend that the Department of Public Works and Finance Department develop a chart of accounts dedicated strictly to operations funded by

the fuel and vehicle weight taxes and public utility franchise fees. Audit finding on page number 26 pretty well sums up our dilemma. In office, a recommendation should have been activated when Ernie finished this audit. Why not get the Mayor and the department heads in here to assist that they abide by the recommendations. All of these audits show that we spend a lot of money and shows the County is not having a chart of accounts dedicated strictly to funds allocated to highway uses. The lack of a dedicated chart of accounts, combined with a general understanding of written administrative policies and procedures regarding the Highway Fund have provided the Administration with freedom in using the Highway Fund for non-highway activities. Additionally, the intent of the legal restrictions may not be served...I guess I will have to come back. Thank you.

Ms. Yamauchi: The next speaker is Larry Arruda, followed by Norma Doctor Sparks.

Committee Chair Kaneshiro: They are both not here.

Ms. Yamauchi: The next speaker is Jeanne Saya, followed by Matthew Bernabe.

Committee Chair Kaneshiro: Just state your name and that light will turn green. You will have three (3) minutes and when it turns yellow, that will be your thirty (30) second warning.

JEANNE SAYA: Jeanne Saya. I think that after hearing what I have been hearing here and I was not...

Committee Chair Kaneshiro: Can you please state your name again?

Ms. Saya: Jeanne Saya. After hearing what I heard here today, I understand that the roads are in horrible disrepair. I think the roads need to be completely rebuilt. Considering what I have seen on the roads with sump holes and stuff like that—I took some geology and things of that nature that made me understand that there is a structural problem with our roads that goes beyond filling potholes and repaving. So if the money is going to be spent from anywhere, it should be spent to build a road, and then maybe from there the real things can be addressed like the traffic congestion and how good transportation is or if it is not good. I have ridden a bus since 1992 on and off; I have had a car and done the park and ride thing. Sometimes, it is extremely crowded and there are all kinds of people at certain hours of the day because they are on running back and forth to work and everybody is trying to get their things done, and then there is no bus service like not to speak of at certain hours of the day at certain routes, because it is like older women and whoever, people that are not working. For the workers, the bus is a necessity, and if they did not have it, and then they had the five dollar (\$5) gas thing, there would be people hitchhiking on the road to get to work because the minimum wage is not big enough. If you look at the issues, they are so dramatic all across the board and it is not just Kaua'i; it is everywhere. There are things happening here, especially now with global warming and all the flooding and everything that is going on. We have to look from the perspective of "if you do not

have a really good road system, period, no one is going to be driving their beautiful cars and big trucks or their buses.” They will barely be able to walk down the road if we have some tremendous thing of rain or something that is happening like what is going on the mainland. Kaua‘i has been known to have these rains. I have been here for it since 1989. I saw tremendous flooding and things happen like sump holes, cars falling in, and stuff. I think that if the money that is appropriated for the highways and the very beginning...if they were not just black-topping it and filling in holes and just really put it together to put even one really good road for a certain amount of miles that people would go, “Yay, maybe we can give them some taxes and make another road.” If you give the people incentive to put their money somewhere, they will do it. I cannot say that I am against taxes because I am not, but I think that there has to be a better plan for the taxes and just like you want to see someone show you why would we need this better bus. Well, I would like to see why we need the better road. *Mahalo.*

Committee Chair Kaneshiro: Your first three (3) minutes is up. If you want to come back, you can have another three (3) minutes. Next speaker.

Ms. Yamauchi: The last registered speaker is Matthew Bernabe.

MATTHEW BERNABE: Matthew Bernabe for the record. I would like to start by saying that following O‘ahu’s example is bad. Their example shows how to waste money, dragging it and dragging it, and keep taxing the people. They are slowly getting the rail, but everywhere around the board, they are not a good example. I had all kinds of stuff that I was going to talk about. I was going to hammer on due process. We are sitting here, talking about reducing the amount before we even accept that we are going to charge the people with the amount. That is ridiculous. Do you folks even hear yourself? I wish you folks could really listen to yourselves. I want to go to this Multimodal Land Transportation Plan that I have not been aware of, which is the driver of the disproportionate allocation of funds that has led to this conundrum that we keep talking about bicycle trails and sidewalks. As far as I am concerned, I do not want these folks to get any money because they should have already been filling in these potholes, rather than wasting their time chasing TIGER grants for one of our best inventory roads, which is Rice Street. I just drove it this morning and there is nothing wrong with it. I even saw an illegal park once again parking there, so all I did was veer in the center and veer back in my lane. I did not even miss a beat. They want to rip that up and waste our time? That is why we do not have any roads fixed because they are too busy doing illegal bike trails. I have to tell you something—I have been educating the voting public on why we have all of these problems. I am connecting the dots for them. People are thanking me; shy, little people that have a hard time talking and I have to tell them, “It is alright. I am not going to bite,” while me and my mother are our having lunch. This is one of many, so you folks better change the way you try to pander to a few individuals, because I am a homeowner and vehicle owner. I have never ridden the bus once. The fact that you want to talk about...no, we are not even going to talk if you accept the tax...what I want to do is just go and say, “My bus rider click will only have to pay twenty-five percent (25%) and we will make the drivers pick up the difference.” Well, lady, the buses weight a lot and if

our roads deteriorate anymore, you are going to have to be repairing buses like the rest of us are repairing our cars. I will come back because I see the yellow light. I am not too happy with this subject. It is one thing that we are talking about tax, but the way you folks are talking about using it and the history of how we used it is embarrassing. Legendary.

Committee Chair Kaneshiro: Matt, you can refer all of your comments to me, too. Anyone else willing to testify?

Mr. Rosa: For the record, Joe Rosa. The roads that they talk about are not State highway roads; it is all the County roads that was neglected from 2004 up to 2014, which includes the area where I live, which was supposed to be paved in 2004 and was not paved until 2014, ten (10) years later. It is twelve (12) years already that...I have never seen what the resolution that was stated for the proposed bike paths to ease the traffic situation, which has nothing to do with the traffic situation from Kapa'a to Līhu'e. Again, somebody pulled the blinds over somebody eyes and did what they did and everything backtracked to the problem that the County faces today, the neglect of the County roads all over the island. Buses are like trucks. It has twelve (12) wheels. Why does it have twelve (12) wheels on a bus? Basically, it is to disperse the weight of the vehicle and the pedestrians that ride those buses. The weight of those big vehicles causes the deterioration. When I was working, it was one inch and a half (1.5) of pavement that the State could get ten (10) years until all of the trucking companies came on Kaua'i. We had Neilson and Rego, you name it. Then the roads started to deteriorate faster. So the State went into the criteria of two (2) inches, ten (10) years. Then the State came out to even weigh those trucks to see if they were within the weight of what the gross tonnage is supposed to be on those trucks based on per axle. So talk can be said about the roads, but the Americans with Disabilities Act (ADA) states that when you talk about complete streets, those complete streets are supposed to be designated as to which ones are going to be made with bike lanes and sidewalks. I do not see the County designating the highways. They are just go at random...we are going to make improvements and complete streets. That is not the right way. Complete streets say that the County or the State will have to designate which is going to be a complete street. Is it being done here on Kaua'i? No. I have not heard of it. The County has never designated any complete street. They just go ahead and say, "Improvements...complete streets." That is extra money on the County and the taxpayers. Why do we need more taxes?

Committee Chair Kaneshiro: Mr. Rosa, your three (3) minutes are up.

Mr. Rosa: Do the right thing right. Thank you.

Committee Chair Kaneshiro: Okay. Next speaker. Thank you for waiting. Please state your name.

ALFY SPRENGER: Good afternoon, Councilmembers. My name is Alf Sprenger. This is my first time here. I came with notes, but I have a lot of thoughts so I will just try to get my thoughts out. After sitting here for a few hours

and listening, I will just speak from the heart, but when I first learned of this one-half percent (0.5%) GET increase, I did not even blink an eye at it because I know that our County needs improvement. As a real estate broker, owner of a large company in Arizona for many years, I have been doing business here for several years now and I hear a lot of it from my clients coming from the mainland and from my neighbors. I live in Kalāheo, *mauka* of Pu'uwai Road. I have been all over this island. Like I said, I do not really think that even the people that I speak to have an issue with it. I am a firm believer that as elected officials, you have a responsibility to educate your constituency. I have heard some testimony up here that if you speak to the community and you give them the issues at-hand, then they will understand. I have two (2) sons and a daughter. Both of my sons ride the bus. I have not really heard a whole lot of issues with the bus system. My son attends Kaua'i Community College (KCC) and rides it all the time. He had a car and had an option of paying for his own fuel, but he chose to ride the bus. He said that it was no big deal. Overcrowding I disagree with, because as a matter of fact, I just texted my two (2) sons while sitting here and asked them if it is overcrowded and they said, "No, it is not." I have ridden the bus myself and I do not have an issue with that. I do not really understand it as a whole; I will be honest, but that is my perception. Really with regard to the roads, I think it is extremely critical and urgent that it gets done. We are seeing an increase in tourism. I really do believe that GET is, across the board, fair and maybe we can get more revenue from the tourists themselves. If you look at the numbers of increase in tourism in comparison to what it was years ago, we are doing pretty well and they need to pay for that as well. I do not have a problem with paying it either as a resident. We really need to do it now or we are going to be in trouble.

Committee Chair Kaneshiro: That is your first three (3) minutes. We are going to let everybody speak for three (3) minutes and if you want to come back, you have another three (3). Anybody else wishing to testify? Lonnie.

Mr. Sykos: For the record, Lonnie Sykos. I am opposed to increasing the GET for the sole reason that I do not see a coherent plan of what we are going to do with the money. I do not believe that it is appropriate for the government to collect tax money and tell us that down the road, we are going to figure out what we are going to do with it. That is why we are bankrupt today. We had a forty million dollar (\$40,000,000) to sixty million dollar (\$60,000,000) surplus, which we spent on things that the money was not appropriated for. At this point, I agree with Councilmember Yukimura that the obvious, most sensible way to reduce the number of cars on the road is to get people out of cars and into public transportation. What I do not agree with is that we have the money or the expertise within the Administration to do that in a timely and cost-effective method. Again, not to dog the leader of our Transportation Agency, because I think Celia has done a great job given who she is and the mess that she was handed. But we do not have a leader of our Transportation Agency who is experienced in managing and planning transportation. So until this County decides to change how it decides who is qualified to have senior management positions, it is hard to rationalize just giving tens of millions of dollars to the County and hoping that they will make better decisions in the future than they have made in the past. I am very unhappy to hear people dogging Mr. Dill and the other people from the Department of Public Works

because they did a great job. The Department of Public Works said that our roads are a mess and they are a mess in no small part because we had an unlicensed County Engineer for twenty (20) plus years, according to public testimony. Mr. Dill came up with a plan and the question is whether or not we are going to go follow through with the plan that we came up with, which right now there is nothing but discord, so no money until you get your ducks in a row. Thank you.

Committee Chair Kaneshiro: Anyone else wanting to testify? Ken.

Mr. Taylor: Chair and Members of the Council, my name is Ken Taylor. First of all, I would like to look at a couple of figures from a document that was passed out at the Līhu'e Business Association meeting last week. In here are some comparisons on fuel tax: County of Hawai'i-eight cents (\$0.08) and the County of Kaua'i-seventeen cents (\$0.17). Yet when you go over there and drive on those roads, they are much, much better than anything we have, yet their tax is considerably less. With the vehicle weight tax, they are closer, but there is still a seventy-five cents (\$0.75) difference per pound on the weight tax. There are some problems out there that I am not sure what it is, but what is troubling me is that the State takes our TAT tax that comes from tourism, then throws us a bone, which we are to be happy with to tax the residents? None of this will stop traffic congestion. I am sorry to say that. In the document that was shown earlier about providing a critical service for thirty percent (30%) of the population that does not drive...this is bus expansion...thirty percent (30%) of the population that does not drive, so how does that eliminate congestion? A lot of the figures that were in this document, I do not disagree with, but some of them I do, and that is one of them and the other one is in the cost of building new roads versus transit. Two (2) lanes to four (4) lanes in Līhu'e Town—approximately two (2) miles, eighty million dollars (\$80,000,000). Half of that was for the rebuilding of two (2) major bridges so that number is correct, but it is not correct. The real problem is that congestion will not be resolved with any of this. I think until you get, as was said earlier, your ducks in order, none of this should be approved and we will talk more about it. Thank you.

Committee Chair Kaneshiro: Anyone else in the audience wishing to testify for the first time? Second time? Mr. Mickens.

Mr. Mickens: For the record, Glenn Mickens. The lack of a dedicated chart of accounts combined with a general absence of written administrative policies and procedures regarding the Highway Fund have provided the Administration with freedom in using the Highway Fund for non-highway activities, as being pointed out. Additionally, the intent of the legal restrictions may not be serve because of the vehicle weight taxes diverted to non-highway uses. Taxpayers who pay these taxes and fees may not see the full extent of the road repairs and improvements that should result from their payments. As far as the ninety-three million dollars (\$93,000,000) for new transportation (inaudible) and sixty-four million dollars (\$64,000,000) for bus expansion and facilities, they are being proposed on a very flawed assumption that people will abandon their vehicles. By the Administration's own numbers, they show that by 2035, nearly eighty percent (80%) of our driving public will still be in their vehicles, so why are we

spending millions of dollars on wrong research that has no basis and fact? Stay with reality and expand and fix our roads, as people like Dr. Patterson are saying. Also, get us a county manager who will change the course of our downward spiral. That is Walter Lewis' testimony: "Bill No. 2610 would impose an increase of one-half percent (0.5%) of the General Excise Tax for Kaua'i to fund road and bridge improvements, transportation initiatives, and bus service expansion. I oppose its enactment for the following reasons, any one in which would be sufficient: first, the Bill should increase total taxes paid by County residents by over ten percent (10%) from already heavy burdened level, which includes wasteful expenditures. Our efforts should be to reduce taxes by working to eliminate poor practice, rather than seeking tax increases. Second, the excise tax is the most regressive of our taxes and its impact is most heavily felt by our lower-income tax payers. This imposition is economically troublesome and should be avoided. Third, the proposed bill is earmarked for expenditures of road and bridge improvements and related equipment and facilities, thirty-eight percent (38%); for transportation initiatives, thirty-six percent (36%); and for bus service expansion, twenty-six percent (26%). These allocations may well be altered. While there is general consensus that the road and bridge expenditures are needed, no broad scale acceptance exists for transportation initiatives, whatever that might be or for bus service expansion. No earmarked tax should be adopted unless its purposes uses for popular approval. Fourth, our State Legislature adopted Act No. 240, providing for County enactment of the one-half percent (0.5%) excise tax increase maneuver to avoid allocating the counties their fair share of the revenues from the TAT. Kaua'i should not fall for this ploy and instead insist on receiving its reasonable share of the TAT revenues. Please vote no on Bill No. 2610." Thank you.

Committee Chair Kaneshiro: Thank you. Anyone else wishing to testify for a second time?

Mr. Rosa: I am going to continue my testimony. Another thing that somebody mentioned to me is that when the County talks about roads, they mention roads a lot of the times, but they do not specify whether it is a County road. Kūhiō Highway is a State road. Kaumuali'i Highway is a State road. Yet, they mention the roads. Is that tax going to be for Kūhiō Highway resurfacing or Kaumuali'i resurfacing? Nobody knows. You have to be more specific as to what the roads are. A lot of the roads that I know when I was working, we designated it as County roads on the tourist maps, namely Kīpū Road and Puhi Road. Why all of a sudden it was on a jeopardy list of the County roads? Where did it get lost? It was County roads officially, but when it was neglected, the liability came upon those roads...the County says, "Oh, that is not our road anymore." It is a liability that was caused by the constant neglect of taking care of the roads, more so when the bike path came into Kapa'a. If you look at it 2004 to 2014, that is ten (10) years. The roads deteriorated so bad that the County did not want to take the liability, so they said the roads are in jeopardy. That is another big road that the County is going to get to look into, which is Kīpū Road, because it is one of those roads that was recently listed in jeopardy by the County. In the olden days, it was given to the County by the companies like plantations or whoever and told the stakeholder companies, "You were the caretakers," so the County inherited all of those roads, yet to say there was not anything legal in writing. That is why now a lot of these

County roads have problems. Puhi Road is one and was always listed as a County road. Now, when they started to talk about it, "Oh, that is not our road." Jay Furfaro said that Kīpū Road and Puhi Road are roads in jeopardy because of the liability. They do not want to take it. That is where the County has to let the public know why the problems come about also. Do not try to shove it under the table because I have been coming here to council meetings for over fourteen (14) years already. I have a mind like an elephant. Thank you.

Committee Chair Kaneshiro: Thank you, Mr. Rosa.

Mr. Bernabe: Matthew Bernabe for the record. Where I ended earlier was in the County General Plan, in the dialogue I hear, and from the actual manifestation of what occurs out on the road, the percentage going to these bike trails is out of whack. I really think you folks should relook at this Multimodal Land Transportation Plan and reassess if that is really...we are wasting our money and our time...every time these folks have to go and make like the bike path or go and plan Rice Street, they could have been taking better inventory or actually going out and taking care of the roads. With that said, the funny part of this irony is I actually really do think the transportation within this discussion, the bus, had the best presentation out of that whole thing. I do not think that we should be charging a fuel tax and I am adamantly against the GET, strictly on how they are conducting themselves in real world time. I said it once and I will say it again. Those are not the only ones. There is the donkey one down by Donkey's. Due process is so put to the side in everything that I have been watching going on in our County that, that is what I am really upset about. I am really upset about, "Well, we need the money, so let us just go with it." Like today, we jump from even the discussion if we are going to even accept the new tax to, "Let us split the tax like this because we do not want the poor people..." Well, I take great offense as a middle-class person because what you folks do not realize is that every day we are still struggling. You think that just because you make one hundred thousand dollars (\$100,000) that you are middle-class on Kaua'i? It is not, you are not. I like the buses. I advocate for the buses. I want some ADA stops and I want good routes. Out of any of this...Roads Division, they sounded the best. I even told the guy, "I was expecting horrible." As a whole, these folks are wasting our money, getting us into legal binds. Whoever said "let us go and re-rip up Rice Street" should be terminated, even if that is the Mayor. I am sorry. I do not care who said it. That is a bad plan. You go down by Kapa'a High School, passing Mahelona, you have to lock the hubs; it is four (4) wheel drive over there. If you are drinking coffee, you are going to burn yourself or you have to do five (5) miles an hour and crawl over the road. I think you need to at what you are doing because the public is getting smarter. It is the technology age; it is at the fingertips.

Committee Chair Kaneshiro: Thank you. Alf, did you want to speak again?

Mr. Sprenger: Alf Sprenger for the record. Just a few more thoughts—I spent several years on Maui. My family has been there over sixty (60) years. I moved here with my wife and three (3) children. Back to congestion and road improvements, it is really bad. If you go to Kahului Costco...I

lived in Napili Bay...tourism...when the whale season is up, you are sitting in traffic for a total of one (1) hour and fifty-five (55) minutes from the time you leave Kahului Costco to the time you arrive in northwest Maui. It is getting bad here with the amount of people coming in, moving in, and our kids are having kids. Over the years, coming and going from the Mainland to Hawai'i, obviously a lot of opposition to some "Mainland thinking," if you want to put it that way, but I think overall, we are in pretty good hands with the individuals who are looking at what needs to be done with the infrastructure. I know a lot of people probably in this room travel. I travel a lot. I have been all over the world. I am proud of Kaua'i. I am proud of the United States of what we have accomplished, but when you look at a country like Panama, their infrastructure is pretty darn good and a lot of Americans are moving there and even folks from this island that I know and Maui that have moved to Panama. They are looking at it going, "Why are they doing better?" We need to think about that and those situations. After all, we are Hawai'i. Everybody in the world almost pretty much knows about our islands. I have friends, family, and clients alike that come and visit and one of their questions or comments always is, "What are they going to do about the infrastructure? Why are they so far behind?" We are so far behind and we are going to be sitting here going, "We screwed this up." Passed away now, a good friend of mine, Dick Andrews, was responsible for transportation in the City of Seattle for many years. He tried to get me involved over there, but I did not want to move to Seattle. He said, "If we would have educated the people on the issues, they would have come out." Look at this room. Where are all the young people? Why are we not educating them? We need to do that. They need to be sitting here listening to this. You folks need to get them here. I need to get them here. Thank you.

Committee Chair Kaneshiro: Thank you. Next speaker.

Mr. Sykos: For the record, Lonnie Sykos. The only thing I want to say right now is that I use the bike lanes and so the County does not have one dollar (\$1) budgeted to clean the bike lanes. You cannot ride a two (2) wheeled bicycle or moped over crushed glass, crushed rock, mud this thick, and grassroots without it going out underneath you. You go sideways and you slide into the traffic and get killed. The State does an equally horrible job of maintaining their bike lanes and what they do is they run the street cleaner about once a week down the street and the street cleaner blows everything off the highway onto the bike lane where it stays. So riding on the bike lane is always an experience because you never know when you are going to come round a turn or whatever and be faced with having to slam to a stop or get hit by the traffic or crash. This is my observation about saying, "We need all of this money to do these things." You have an idea, but you do not have a plan. This is like when Economic Development comes in and tells us, "Oh, we have this big plan for a butchering facility," and then they do not even know what a business plan is. The document you take to the banker to get the loan, not a series of talking points. So what we are upsetting the public about is even people who are poor like me...I am an entrepreneur...I have written a real business plan, because I went twice to the Small Business Association and went through their business plan program. We want to see the business plan. We want to see the metrics that we can judge the outcome against, not a bunch of talking points about why you should give us all of this money and vote for us because of all the good

things that we are going to do. We want our roads paved. We know we have to pay for it, although many of us think that our business community and especially our tourism community should be picking up a huge part of this bill, not the general public. Nonetheless, we know this needs to get done. We just will not agree to the taxation without a good plan. Thank you.

Committee Chair Kaneshiro: Thank you. Next speaker.

Mr. Taylor: Chair and Members of the Council, my name is Ken Taylor. I do not want any of you to think that I would not like to see better roads and a better bus system on the island. I would love it. Can we afford it? One of the reasons why I am concerned about this is that if you go back to the audit that was done on the capital project management, road maintenance program, on page number 15 it shows income of anywhere from six million dollars (\$6,000,000) to ten million dollars (\$10,000,000) a year over a ten (10) year period and that we are only spending about two million dollars (\$2,000,000) a year. Where is the money going? This is the problem. As I pointed out earlier, the fuel tax in the County of Hawai'i is point eight cents (\$0.08) compared to our seventeen cents (\$0.17). Why are they capable of putting a good road system in place and we are not able to? Where is the money going? That is the question that needs to be resolved. My personal feeling is that I would much rather see an increase in gas tax that went to fixing the roads than this one-half percent (0.5%) sales tax, because when I buy my five hundred dollars (\$500) worth of groceries every month, I have no choice. I like to fudge a little bit and buy a little cheaper this or a little less of that, but for the most part, I have no choice. If I have a gas tax, I could make a determination on whether I want to ride my bicycle or buy more gas. I think that is what we are trying to get at. So gas tax, yes; sales tax, no. At this point in time, I think what is before you, you have to say no to, and let us take another look at it. Thank you.

Committee Chair Kaneshiro: Thank you. Anyone else wishing to testify on this matter that has not spoken twice? We are coming up to a break, so we may as well just take our ten (10) minute caption break right now.

There being no objections, the meeting recessed at 5:24 p.m.

The meeting reconvened at 5:34 p.m., and proceeded as follows:

Committee Chair Kaneshiro: Welcome back to the Budget & Finance Committee. We are on Bill No. 2610. I am going to call the meeting back to order. Any discussion from the Members? Councilmember Yukimura.

There being no objections, the meeting was called back to order, and proceeded as follows:

Councilmember Yukimura moved to amend Bill No. 2610 as circulated, and as shown in the Floor Amendment, which is attached hereto as Attachment 3, seconded by Councilmember Chock.

Councilmember Chock: Chair, I made a request to hear from the Administration's proposals/options and I think my interest is getting all of these options on the table at the very least. I do not expect that I will be able to make a decision on it, but I think for discussion and looking at the best options, I would like to be able to see all of those options up front. Thank you.

Committee Chair Kaneshiro: First, can I ask that you withdraw the amendment, and then ask the question and have them come up.

Councilmember Yukimura withdrew the motion to amend Bill No. 2610 as circulated, and as shown in the Floor Amendment. Councilmember Chock withdrew the second.

Committee Chair Kaneshiro: The rules are suspended. Can the Administration come up?

Councilmember Chock: I do not know if I have a question per se, but I wanted to give you the floor in order to share the different options because I know you had three (3) that you were talking about.

There being no objections, the rules were suspended.

Mr. Shimonishi: Ken Shimonishi, Director of Finance. Listening to the various meetings that we have held on this wide-ranging impacts of the tax, we came back to actually look at a few different scenarios. I will run through the scenarios and if you have questions, by all means, we are prepared to answer them. One of the first scenarios we looked at is titled seventy-five percent (75%) roads and highways, twenty-five percent (25%) transportation, incremental. Basically, what this scenario does is it takes the GET surcharge in the beginning three and a half (3.5) years at one-quarter percent (0.25%), and then goes up to one-half percent (0.5%), so you can see that the total revenue anticipated to be generated is two hundred sixteen million dollars (\$216,000,000). It is roughly forty million dollars (\$40,000,000) less than what was initially proposed at the one-half percent (0.5%) right across, ten (10) years. This is just an incremental type of approach. If you look at the table in the middle left, this first section of the table shows you what we were proposing to use the GET of two hundred fifty-five million dollars (\$255,000,000) for; the first being sixty-three million three hundred thousand dollars (\$63,300,000) on roads, twelve million five hundred thousand dollars (\$12,500,000) equipment and so on. This is the same data. If you look to the right of that table, these are the new numbers that we are coming up with—we would still be able to do our roads, sixty-three million dollars (\$63,000,000) of GET going towards our roads resurfacing and repair. Our equipment...if we were to forego the consolidated auto shop, we would get rid of that, and then the bridges and the new transportation initiatives there with the one million nine hundred thousand dollars (\$10,900,000) and the seventy-five million four hundred thousand dollars (\$75,400,000), so consolidated, we would still have that much money going towards that initiative, and below that the transit capital expansion and the transit operation expansion. Obviously, those being reduced. The lower left of that worksheet, just for reference, I have shown the 2017 budget as far as transportation

where four million three hundred fifty thousand dollars (\$4,350,000) is funded by General Fund and two million eight hundred sixty thousand dollars (\$2,860,000) is funded by Highway Funds. So a total of seven million two hundred thousand dollars (\$7,200,000) is what is currently in the Fiscal Year 16 budget. On the lower right is just a chart of the transportation budgets that have been submitted from Fiscal Years 2010, 2011, and 2012. You can see up to Fiscal Year 2017. The department requested eight million four hundred thousand dollars (\$8,400,000). Thus far, through our Mayor's review process, we have been able to reduce that to seven million six hundred thousand dollars (\$7,600,000), so still higher than what was submitted in prior years. That is just the first scenario.

The next page shows what if we did a one-quarter percent (0.25%) across the entire ten (10) year period and what if we used this one-quarter percent (0.25%) revenue, which is now at one hundred twenty-seven million dollars (\$127,000,000), half of two hundred fifty-five million dollars (\$255,000,000)—if we use it all towards roads and highways type of projects, what could we do? Again, in the middle where you see the ten (10) year scenario table, we could still do our sixty-three million dollars (\$63,000,000) in roads and still get the highway equipment. Again, we would forego the auto shop and have some moneys in terms of our bridges and our new transportation initiatives; nine million two hundred thousand dollars (\$9,200,000) and forty-two million dollars (\$42,000,000) that we could consolidate and prioritize between what projects need to get done like our bridges and so on. That is just a straightforward one-quarter percent (0.25%) across the entire ten (10) years, going one hundred percent (100%) towards the roads piece of the equation. Lastly, the worksheet that is one hundred percent (100%) General Fund and Highway Fund recovery for transportation at one-quarter percent (0.25%), so still we were looking at doing a one-quarter percent (0.25%) for the ten (10) year period...we still end up with one hundred twenty-seven million dollars (\$127,000,000), but now we would say, "Let us use this to fund our transportation operations," which currently means if you look at the lower left, we could recover four million three hundred thousand dollars (\$4,300,000) in general funds because we would use this GET as a sole funding source for transportation. We could recover two million eight hundred thousand dollars (\$2,800,000) in highway funds that is currently going towards transportation. So the combination of the two million eight hundred thousand dollars (\$2,800,000) and the one million two hundred thousand dollars (\$1,200,000) would now give us four million dollars (\$4,000,000) that could be applied towards our roads resurfacing component, at least. The flipside would be that transportation now has a dedicated funding source and we alleviate some of the expenses in the General Fund and Highway Fund, so we basically increase our road resurfacing capacity from one million two hundred thousand dollars (\$1,200,000) a year to a little over four million dollars (\$4,000,000) a year plus whatever federal matching we can get, and then we would also see an increase in the Transportation's Operating/Capital budgets of three million one hundred thousand dollars (\$3,100,000). I think we have looked at it from the one-half percent (0.5%) on one side to one-quarter percent (0.25%) on the other, and try to give the Council at least some different looks at what might be more palatable.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: In all of these scenarios, will you be able to repair the roads within ten (10) years and do away with the one hundred million dollar (\$100,000,000) backlog?

Mr. Shimonishi: No, that is not correct.

Councilmember Yukimura: Really?

Mr. Shimonishi: In the last scenario, we would basically be able to put roughly four million dollars (\$4,000,000) a year towards the roads and that would be forty million dollars (\$40,000,000) against the one hundred four (104).

Councilmember Yukimura: So in the last scenario you would get four million dollars (\$4,000,000) to put towards the one hundred million dollar (\$100,000,000) backlog?

Mr. Shimonishi: Correct.

Councilmember Yukimura: If you wanted to complete the elimination of the backlog in ten (10) years, we could consider a fuel or vehicle weight tax to do that.

Mr. Shimonishi: That would be at the discretion of the Council and the Administration, correct.

Councilmember Yukimura: Right. I think what I was proposing does produce another four million dollars (\$4,000,000). Thank you for the clarification.

Ms. Nakamura: What this last scenario does is free up general funds for additional needs that the County may identify.

Councilmember Yukimura: Have you verified that three million dollars (\$3,000,000) a year is going to be sufficient for the bus expansion?

Mr. Shimonishi: I think what we are saying is that three million dollars (\$3,000,000) a year is what we would apply towards some sort of expansion or some sort of capital improvement. I think what is the definition...are we saying that we are trying to go to every half an hour or whatever that is? I think we have to look at it as three million one hundred thousand dollars (\$3,100,000) more towards the bus operations is a forty-four percent (44%) increase in that budget. I see that as a significant increase and this scenario provides a dedicated source of funding.

Councilmember Yukimura: May I ask another question? So does that mean that you are looking at using it all for operations and you are not considering the capital expansion needs of the bus?

Mr. Shimonishi: I think we are saying that would be a combination of both capital and operating expansion.

Councilmember Yukimura: And you are saying that you are not sure whether it would actually provide enough money to implement the Multimodal Land Transportation Plan and all of our shuttle systems?

Ms. Nakamura: I think because the studies are currently being done now, we will get the results of the shuttle study this summer, possibly, and then the Short-Range Transit Plan later this year, which is going to really give us some good guidance on how to improve our system, and then expand the shuttle system. I think the deliverable on that will be what it is going to cost to operate expansion and what the capital costs are going to be as well. That will provide some good data and unfortunately we do not have that today.

Councilmember Yukimura: Well, the funding source will not be available until 2018, so you are going to have the whole year of 2017 to figure it out, and the question is whether you are constraining yourself—I looked at Chapter 7 of the Multimodal Land Transportation Plan and the implementation is specific enough for you to figure out what the needs will be for the next ten (10) years. Certainly, you will refine it with a shuttle system report. I feel like there are some assumptions being made here that I would like to have it really clear what those assumptions are. The assumption in the last scenario is that three million dollars (\$3,000,000) is going to be sufficient. How will you fund multimodal land transportation implementation, which I trust the Administration has as a major priority? If we are not on the same page, then I need to hear that, too.

LEE STEINMETZ, Transportation Planner: Lee Steinmetz. Transportation Planner with the County. In terms of the question of whether three million dollars (\$3,000,000) is going to be sufficient to fully fund expansion of the bus service; as Nadine mentioned, we are in the middle of doing our shuttle study and we are starting our short-range plan, and the result of both of those studies is going to be a menu of expansion opportunities that are prioritized so that we can do those expansions based on funding that is available. We are going to end up with a menu and the cost those is going to be variable, so we can tailor the expansions to be the most important in terms of the funding that is available. I also want to stress that we are not just looking at additional funding; we are also looking at ways that we can make the existing system more efficient and use the resources that we have better, which includes both looking at fixed route service and paratransit. As was mentioned earlier, there is quite a heavy subsidy of paratransit so we can reduce some of those paratransit costs that will also free up funds that can be used for expansion. In addition to that, we are also looking at other potential revenue streams. For example, we just had some very preliminary discussions and there is nothing really to report yet, but in looking at potential ways that resorts can contribute to shuttle service, so we are not looking at the GET to fund all of the potential transit expansion, but looking at other funding sources that can complement and support County funds and really look at other sources for some of the shuttle expansion.

Councilmember Yukimura: Do you mean resort area or resorts for additional funding?

Mr. Steinmetz: I do not really want to be specific yet about what we are looking at because we are in very preliminary discussions. We just started talking with the resort industry on this idea, so let us just say that we are looking at some options that we think we can generate support for.

Councilmember Yukimura: That is good. I hope you look at the correlation between receipt of services and allocation of costs.

Mr. Steinmetz: Yes, we are looking at that.

Councilmember Yukimura: Thank you.

Mr. Shimonishi: I think the overriding principle behind this is that we live within our means basically. Obviously, we want to take other initiatives to try to improve our transportation systems, but we are saying that this is what we want to live within and this is how much we can apply towards our transportation and have it as a sole source of funding, including outside revenue sources, if available. Again, this is just looking at the current year. If you look going out, you can see that there is some growth potential on the GET revenue side of the house, so we are not saying that it is limited to just these ten million dollars (\$10,000,000).

Councilmember Yukimura: That is a good point.

Committee Chair Kaneshiro: Councilmember Hooser.

Councilmember Hooser: How much would go towards operating funds once it gets moving; the second, third, and fourth years. What are the annuals?

Mr. Shimonishi: I am sorry. Are you talking about the GET surcharge or are you talking about the General Fund and the Highway Fund.

Councilmember Hooser: The GET surcharge allows some of the funds now being used to go back to the General Fund, right?

Mr. Shimonishi: Correct.

Councilmember Hooser: So it grows the General Fund revenue.

Mr. Shimonishi: It would not grow the General Fund revenue; it would reduce the current General Fund expenditures. It would free up General Fund expenditures. If we are using the 2016 budget—I am sorry, it says 2017—but if we are using the 2016 budget, right now the General Fund is funding four million three hundred fifty thousand dollars (\$4,350,000) towards transportation. That would obviously be freed up to go towards whatever facilities improvements in the General Fund and what have you. In addition to that, the Highway Fund currently

is funding two million eight hundred thousand dollars (\$2,800,000) toward transportation and that could go towards our roads resurfacing. All of this would be subject to the operating annual budget approved by the Council.

Councilmember Hooser: So the four million three hundred fifty thousand dollars (\$4,350,000) would be taken away from transportation projects now and given back to the General Fund, so that would be four million three hundred fifty thousand dollars (\$4,350,000) of revenue from the GET that is not going to new transportation. So we are not expanding the investment in transportation and roads by four million three hundred fifty thousand dollars (\$4,350,000) because it supplants money that is already being spent.

Mr. Shimonishi: It supplants money; however, the GET revenue at one-quarter percent (0.25%) is significantly more than what is being funded towards transportation.

Councilmember Hooser: Right. In round numbers, I am looking at an annual eleven million dollars (\$11,000,000) to twelve million dollars (\$12,000,000) the GET is generating. So the reality of it is that money only eight million dollars (\$8,000,000) would be going towards expanding the highway improvements, because we are already spending the four million three hundred fifty thousand dollars (\$4,350,000), which we are going to be taking away. So we are supplanting; we are not adding...you are not adding eleven million dollars (\$11,000,000) on to transportation because you are taking four million three hundred fifty thousand dollars (\$4,350,000) away.

Mr. Shimonishi: That is correct.

Councilmember Hooser: Okay. I just wanted to make sure.

Mr. Shimonishi: We are not adding on because if we were to add on, you are saying we would go from seven million dollars (\$7,000,000) to seventeen million dollars (\$17,000,000), which is like a two hundred fifty percent (250%) increase on that operation, as some would like, but no we are not.

Councilmember Hooser: So the four million three hundred fifty thousand dollars (\$4,350,000) could be used to balance the budget or pay for other costs.

Mr. Shimonishi: That is correct.

Councilmember Hooser: It effectively comes out of the GET increase, depending on how you want to look at it, I guess. I think "supplanting" is the word.

Mr. Shimonishi: Yes, that is correct.

Councilmember Hooser: Thank you.

Committee Chair Kaneshiro: Any further questions from the Members? I have a question. Besides the first scenario, it is like an all or nothing, either one hundred percent (100%) roads or one hundred percent (100%) transportation. Is there way to do a mix and have a scenario where you just reduce? I think we heard it from some of the Members that they might be open to reducing the GET from one-half percent (0.5%), but the split is still seventy-five percent (75%) and twenty-five percent (25%).

Mr. Shimonishi: Yes, we could do that. I am taking it as what you are saying is the first scenario, but to keep the one-quarter percent (0.25%) across for ten (10) years.

Committee Chair Kaneshiro: Correct.

Mr. Shimonishi: So that would just mean that we would have half the revenue in that Fiscal Year 2022, and beyond we will just have half that and whatever that is would be split seventy-five (75)/twenty-five (25).

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: But then you cannot take away the moneys from the General Fund or the Highway Fund for operations of the bus because otherwise there would be virtually nothing for bus expansion.

Mr. Shimonishi: That would be the assumption that would be in addition to what is currently funding.

Councilmember Yukimura: So how much would that give to the bus for expansion?

Mr. Shimonishi: Well, if you look in the beginning years on that second colored line, you would see that the first year is half a year at one million three hundred thousand dollars (\$1,300,000), the next year is two million seven hundred thousand dollars (\$2,700,000), two million eight hundred thousand dollars (\$2,800,000), and two million nine hundred thousand dollars (\$2,900,000).

Councilmember Yukimura: So it would mean that you would be funding roads rather than by users; you would be funding it on a regressive tax.

Mr. Shimonishi: We would be using the GET, correct.

Committee Chair Kaneshiro: Council Chair Rapozo.

Council Chair Rapozo: Does the one million two hundred thousand dollars (\$1,200,000), the next year is two million seven hundred thousand dollars (\$2,700,000), and two million eight hundred thousand dollars (\$2,800,000) meet the requirements of your plan for transportation?

Mr. Shimonishi: Again, it is what are we willing to do to live within our means? Do we go for the one-half percent (0.5%) and reallocate that money fifty (50)/fifty (50) or keep it at seventy-five (75)/twenty-five (25)? The Administration has put forth the one-half percent (0.5%) at seventy-five (75)/twenty-five (25) and we have tried to listen to some of the feedback that we have heard from the Council. We are just trying to propose some different scenarios that you guys can massage around.

Council Chair Rapozo: For me, if we are going raise a tax, then it has to be for a specific purpose. If it is just going to be because we can and we are not going to be able to accomplish what we want to, but it is an opportunity. We have this window that the State said you have to pass, so we are just going to pass it because we can and however we can massage it to make it pass, but if it is not going to serve the original goal, why would we do it? There is no shortage of roads. I do not care what you put in there...there are roads to pave. If you are going to allocate these funds to transportation and it is not really going to create the desired outcome, then yes, you are giving them more money and they are trying to make the best of it, but you cannot do a complete route management program because we do not have enough funds. Again, we are just throwing the money in and hoping that it works. I guess for me, I would much rather see a more comprehensive plan that is there and if we cannot make it happen, then we do not tax the people. But just to tax because we can...again, I am really point disappointed with the State that they have put this timeframe on it that you have to do it or lose it. That is pathetic, but it is what it is. That is how our State Legislature extorts the counties. It is frustrating. I do not want to see us...because we can, we are going to tax...when we are taxing and the moneys is not reaching the desired outcome, it is just going to sit in that line item bank account and that is where I think I have some concerns.

Ms. Nakamura: The only other option to address that concern would be to not to specify the percentage and to keep it broad, and then to use the annual Operating Budget to figure out how you want to allocate.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: So you would come before us and make the proposals and we would be able to judge whether it is worthy of funding, whether it is going to move us towards our goals, et cetera, right?

Ms. Nakamura: Just because of the timing of the transit studies, Chair Rapozo, we are not going to be able to have the information by the deadline that this ordinance/bill needs to be passed by because the deadline set by the Legislature. We are not going to have complete information and unfortunately that plan is not going to be in "black and white" at the time of the deadline.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: I want to say as someone who lobbied for this tax and talk to the two (2) Budget Committee Chairs, in response to Chair Rapozo's questions about why they are setting a deadline, if we were them, we would

probably set a deadline because they asked the mayors who were lobbying for a one percent (1%) and the mayors were saying, "We might not use it." Sylvia Luke said, "We are not going to give it to you and maybe you will use it and maybe you will not because we might want to use it and we cannot use it if it is out there for you to use it because then cumulatively, it is going to get too much on the people." That is why they said, "We want to know whether you are going to use it or not," is what the explanation was from them. I know it puts us in a bind, but it also makes us sharpen our pencil because we have to show or figure out how we are going to use it.

Committee Chair Kaneshiro: Councilmember Kagawa.

Councilmember Kagawa: Has Maui or Hawai'i Island progressed on trying to pass a surcharge? I have heard no.

Ms. Nakamura: Not that we are aware of.

Councilmember Kagawa: So we are the only bright ones that are trying to take advantage of the "poison apple?"

Ms. Nakamura: Aside from Honolulu.

Councilmember Kagawa: Yes. Okay. I am getting confused on the vehicle weight tax. I read that today earlier that each car is going to go up by eighty-three dollars (\$83). They are increasing the vehicle weight, the fuel, and the car registration fees. I remember two (2) years ago that we raised all of those fees on Kaua'i. I did not vote for it. We taxed the car on both ends; the State and the County, and we just add it all onto the bill. Is that how it works for the cars? I feel like we are giving the cars a concussion with taxes. The people who every year pay say, "Why did it go up again?" It must be about three hundred dollars (\$300) to four hundred dollars (\$400) right now for a typical car.

Mr. Shimonishi: I think it depends on the car you drive. I believe if it was a Honda Accord, it would be a little over two hundred dollars (\$200), both State and County portions of your registration.

Councilmember Kagawa: Added together is two hundred dollars (\$200)?

Mr. Shimonishi: Yes.

Councilmember Kagawa: So the State and the County has the ability to charge increases on all of those like the car registration, vehicle weight, and fuel tax?

Mr. Shimonishi: So typically, the State has a registration and a vehicle weight and the County has a vehicle registration fee, County weight, and I think there is a beautification fee, and maybe a decal fee or something.

Councilmember Kagawa: Thank you.

Committee Chair Kaneshiro: As I look at this, I am looking at the one hundred percent (100%) roads, twenty-five percent (25%) GET surcharge is the second scenario, and if I calculate twenty-five percent (25%) of that amount, I get thirty-two million dollars (\$32,000,000). If we just took the Bill as-is and reduced the one-half percent (0.5%) to one-quarter percent (0.25%), then based on the calculation, you would still have sixty-three million dollars (\$63,000,000) for roads resurfacing, twelve million dollars (\$12,000,000) for highway equipment, nine million two hundred thousand dollars (\$9,200,000) for bridge repair, so you would end up with thirty-two million dollars (\$32,000,000), which is an extra three million dollars (\$3,000,000) for transportation, and I would see that the new transportation initiatives and projects would go down to ten million dollars (\$10,000,000). That is what I think the adjustment would be. For me when I look at it, what do we need to do now? What we need to do is our existing roads. That is my main priority. As far as the sixty-three million dollars (\$63,000,000), I do not really want to budge on it, but are we able to live with ten million dollars (\$10,000,000) for new transportation initiatives, rather than forty-two million dollars (\$42,000,000). At least then you will have roads funded and some money for new roads, which right now we have zero money for new roads anyways, so it does not matter, and then you would have money for transportation also.

Mr. Shimonishi: Really, that transportation and that bridge project should probably be combined because we would just prioritize those moneys. We are not going try to do something on a stub out road or something if we have our bridges ahead.

Committee Chair Kaneshiro: For me, ideally our existing bridges that are in need of work would be the number one priority. Any further questions from the Members? Councilmember Yukimura.

Councilmember Yukimura: So on the bridges, the eight million two hundred thousand dollars (\$8,200,000) that I was looking at in my presentation was covering bridges and repaving, right?

Mr. Shimonishi: Yes, that was covering our bridges and repaving, but we would also need to factor in that we would in theory get some federal matching dollars with that money, correct.

Councilmember Yukimura: Yes. That is good thinking to maximize the federal match if we can. Thank you.

Committee Chair Kaneshiro: Any further questions from the Administration on their scenarios? I will bring the meeting back to order. Any discussion? Councilmember Yukimura needs to introduce her amendment.

There being no objections, the meeting was called back to order, and proceeded as follows:

Councilmember Yukimura moved to amend Bill No. 2610 as circulated, and as shown in the Floor Amendment, which is attached hereto as Attachment 3, seconded by Councilmember Chock.

Committee Chair Kaneshiro: Councilmember Yukimura, do you want to say what your amendment is?

Councilmember Yukimura: My amendment would reduce the amount from a one-half percent (0.5%) excise tax to a quarter-percent (0.25%) excise tax, but would leave all the purposes that the money could be used for as it is stated in the State statute, so it would not restrict it to just transit.

Committee Chair Kaneshiro: Discussion from the Members?
Councilmember Kagawa.

Councilmember Kagawa: I think this is a nice amendment and I think that is where the decision should come, to have it all done during the budget so that is what would happen under this scenario, which the decision is about how to best utilize the surcharge would be left during the budget for the Council to either approve, amend, or agree with the Administration's budget proposal. Although I think this is a great amendment, but I will still not be supporting it because I feel we are better off trying to fight for the Working Group's proposal of the TAT. I think if we give up on that and by approving any GET increase, whether it is one-quarter percent (0.25%) or one-half percent (0.5%), we are going to send the message to the State Legislature that you can take Kaua'i's portion of the TAT. I think that is what would happen, we would be biting the poison apple and we would be suffering the consequences. Thank you, Chair.

Committee Chair Kaneshiro: Councilmember Hooser.

Councilmember Hooser: Similarly to the previous amendment that was offered, I will not be supporting any increase at the end of the day, but because this reduces this by half, in the off chance that this does pass, I would much prefer to be half as much, so I will be supporting the amendment.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: I want to let Councilmember Kagawa know that he can vote for the reduction, and as Councilmember Hooser, vote ultimately against it. I think once Council Chair said he had learned that he could vote for the best amendment and still vote against the bill ultimately, because the amendment does get it closer to what you want.

Committee Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: I am supportive of this direction as well with this amendment. There have been a couple of options and a lot of different scenarios that we can juggle with and play with still moving forward. I guess for me, I am hearing some of where the concerns are with focusing our time and energy

on the TAT. I could be open to putting our efforts there. However, I still think we should continue to look at these options and continue to work towards a contingency plan that we can all...because in the end of the day, we need to have the kind of support on this Council to pass something, so that kind of problem-solving needs to continue. At this point, I can support this. I also probably want more time to consider some of the variables and options moving forward before we move it forward out of the Committee. Thank you.

Committee Chair Kaneshiro: I will make this comment, too. I think the big question is if we are going to fight for the TAT and see what happens, I do not know if we want to decide to defer it until after we get whatever the State decides. If the State does not give us anymore TAT, I do not know if that is going to push us to say that we need the tax or it is going to push us more to say that we are not going to pass it and blame the State. I do not know. I am willing and open to whatever way we want to go. I can say that I am comfortable with this. I am kind of in the position...I seriously think we need to do something, put our foot down, pay for our roads, and stop the bleeding. If not, ten (10) years from now, we are going to have a two hundred million dollar (\$200,000,000) liability and we are going say, "How do we pay for this?" I do not want to be the one sitting there saying to my kids or to people in the future, "You folks are going to be stuck with the bill," which I do not want to do. I think with reducing it, we heard a lot of comments about accountability for the money, and I remember when the total number was like nine million dollars (\$9,000,000) at first and everybody was kind of happy. But when it became two hundred million dollars (\$200,000,000), everybody kind of took a step back and was like, "Whoa, that is a lot of money. We have more money. Is that not better?" That is more money to manage and more money to figure out what we are going to do. If we are not comfortable with the bigger amount of money...for me, I think we need to do something about our roads and we need the money from somewhere. If it is not in the GET, it is going to have to come out of something else. The GET spreads the cost between everybody, including visitors. If we do not do the GET, it is going to be real property taxes, which are only homeowners or businesses. If it is not real property taxes, then it is just vehicles, anybody who owns vehicles. You kind of reduce the amount of people you are spreading the tax over to. That is just my comment. Again, if we do want to wait and see what happens at the State, whether we are going to get more TAT money or not, I am open to that also. Councilmember Kualii'i.

Councilmember Kualii'i: I just wanted to express where I am leaning and I am not fully decided. I feel like for starters, because the GET is a regressive tax, for me it has always been important to address who is going to be hurt by this the most. I have been talking to the Administration about targeted relief and I still want to put that forward; I just do not see any way to put it forward as an amendment in this Bill, so it would make more sense in the future with a resolution and maybe during the budget process. I do think it will be important if the GET is passed, that there be targeted relief for the most vulnerable in our society like the elderly, youth, and disabled. For the people who can afford even the little tax that it might be, I think it was one hundred twenty dollars (\$120) in a year, twenty dollars (\$20) a month. For some people, that twenty dollars (\$20) a month is pretty intense and it would affect them severely. I want to find a way to offset that for

those people. Yet, I still have this feeling that the GET is not the way to do this. There are other vehicles, starting with tightening the budget even more. Because this amendment at least brings it down from one-half percent (0.5%) to one-quarter percent (0.25%) and does not put all of that money to transit—there is still money for roads and transit systems—I can support the amendment, but it still does not mean that I will ultimately support the end bill. I like what you said, Chair, about putting this decision further back and seeing what else we can find out about TAT. For now, I am willing to support this amendment and I will just let you know that I am still working on targeted relief and that is really important to me.

Committee Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: In addition, I guess the question comes up in the direction that we are headed which is, “Can we do more work on this? Should we or how far in advance should we defer it?” I do not want to lose sight of some testimony and what Council Chair said about the fact that we also have to keep in mind where we need to go and what the goals are that we have. We still have a one hundred million dollar (\$100,000,000) deficit, so we need that plan to act accordingly. I think it is kind of that balancing act of what we can get support for here and what we can truly accomplish in the end. I think that needs to be more thoroughly thought out and if we could take the time to work on that, we will be better off in May when we find out where TAT is.

Committee Chair Kaneshiro: Council Chair Rapozo.

Council Chair Rapozo: The “Yukimura tactic” is that you support the amendment, but you do not support the Bill. I will never forget that day...I freaked out and thought she was nuts. She did all of that work and supported the amendment, but when it came to the Bill, she did not vote for it. After the meeting, I asked her, “Why would you do something like that?” She said that even though she did not support the bill, she wanted to make it the best bill and I appreciate that, because that does make sense. This is where I will utilize that tactic because I agree. I do not support the GET. One of my main concerns is that there has been such an emphasis placed on transportation and the paving, but again, there is nothing to address the congestion. The bus is not going to solve the congestion. We can argue all day long on whether or not Kaua‘i can handle bus routes every half an hour or one (1) hour, but we do not have the volume and the ridership. We just do not. We do not have one million (1,000,000) people here and I think we have to understand that. Anyway, I will have my discussion for when we get to the main motion, but this does make it a little more palatable, I guess, to drop the percentage to one-quarter percent (0.25%). Thank you.

Committee Chair Kaneshiro: Any further discussion on the amendment?
Councilmember Yukimura.

Councilmember Yukimura: I will wait for the main motion.

Committee Chair Kaneshiro: Okay. With no further discussion, let us get a roll call vote on the amendment.

The motion to amend Bill No. 2610 as circulated, and as shown in the Floor Amendment, which is attached hereto as Attachment 3 was then put, and carried by the following vote:

FOR AMENDMENT:	Chock, Hooser, Kagawa, Kualii, Rapozo, Yukimura, Kaneshiro	TOTAL – 7,
AGAINST AMENDMENT:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	None	TOTAL – 0,
RECUSED & NOT VOTING:	None	TOTAL – 0.

Ms. Yamauchi: Seven (7) ayes.

Committee Chair Kaneshiro: Okay. We are back to the main motion as amended. Any discussion? Councilmember Yukimura

Councilmember Yukimura: I just wanted to say with respect to the TAT issue that is before the State Legislature, based on my discussions with legislators—admittedly it was last year; I have not been there as much this year. If we can really show clearly that we deserve the TAT as an offset to tourism impacts, and I know the Administration has done a spreadsheet to show what parts of our budget are tourist-related, I believe we can make a good argument because when I went forth to argue for a GET for transit, which was my stance, they understood the need for transit moneys and I do not think they like us using tourist moneys for any and everything. They much prefer that we use it to offset the impacts. One of the reasons why we are different from the other islands—I am sorry that Ken Taylor just kept looking at the Hawai'i Island fuel tax at eight cents (\$0.08), because Maui is at eighteen cents (\$0.18), we are seventeen cents (\$0.17), and Honolulu is around sixteen cents (\$0.16). Honolulu and Maui have a bigger population base, and even like the State, they can go one cent (\$0.01) vehicle weight tax and they get millions of dollars, whereas because we have a smaller population, we just get much less. That is why it is hard for us and we are so spread out. It is a very costly system to support. If we exercise this excise tax, I think the Legislature will understand that we really are trying to be good stewards of the money and we are trying to use it to move Kaua'i forward. I think we have established a foundation for that, so I just want to say that.

Committee Chair Kaneshiro: Councilmember Hooser.

Councilmember Hooser: I am not supporting the GET increase for a variety of reasons. It has been stated earlier how regressive the tax is. There are a couple of reasons why I am opposing this: one, I think it is the surest way to make sure that we do not get any future consideration for the TAT. If we vote to do this, the Legislature is going to say, in my opinion, "Well, they got it covered. They do not need the money." That is one reason. The other big reason is we discussed this at the last meeting that, in my opinion, this will have no impact at all on traffic congestion. The public may scream and feel like that is the number one problem, which I agree it is a huge problem, but it almost occurs on State highways, from Kawaihau Road to Lihu'e, to the Tunnel of Trees. Those are all State highways. I

also think that those are the worst roads with the most potholes that I see when I drive every day, go forty miles per hour (40 MPH) or whatever. This is for County roads, not for State highways. It is not going to impact congestion on our main highways at all, in my opinion. I think we should put our energy and the public should put their energy into pressing the State Legislature to do their job and improve those highways, especially on the eastside that has been waiting for years and years, and plans are in place for that. In addition, this whole proposal has been framed around roads like improving our roads, highways, and transportation. But the reality of it is that one-third of the money will be diverted back to the General Fund to pay regular operating funds. So one-third of the funds will be supplanted, taking money that we are already spending on highways and transportation and moving them back to the General Fund to pay for things like salary increases, quite frankly, keeping the lights on, and doing other daily operating functions. I just want the public to be clear on that. For those reasons and many others, I will not be supporting this. Thank you.

Committee Chair Kaneshiro: I just want to clarify that the main motion is as amended. As we went through it, I do not think there was any plan to take money to supplant the money into the General Fund. If not, transportation would end up only having the same amount of money to operate. So I think with the one-quarter percent (0.25%) it was to get transportation an extra three million dollars (\$3,000,000) a year with the same money coming out of the General Fund and the Highway Fund.

Councilmember Hooser: It was my understanding from the Administration's proposal that the intent was to supplant general operating funds. That is in this proposal here. It was my understanding that by reducing the tax in half, that the similar formula would apply; it just would be half the tax instead of the full tax amount and that they would still be supplanting. At the end of the day, it comes down to the budget process and the budget process will occur when we have a new Administration and when we are not here. Some of us may or may not be here, depending on the future elections. So the ability to supplant the funds is there. The Administration has presented and that was their intent and every reason to expect that that intent will stay as we move forward and is increasing demands on our operating funds.

Committee Chair Kaneshiro: I just want to clarify that that was their intent when they were going to transfer all of the one-quarter percent (0.25%) to transportation. It was just an option. They were going to transfer all of the money to transportation, and then supplant the rest of the money back out so that roads would be some money. I think in the proposal that we are looking at, I do not think we discussed that. It was just to keep it at seventy-five (75)/twenty-five (25) at the lower percentage.

Councilmember Hooser: Just real briefly, the ability to supplant is still clearly there. We are still using operating funds for these other purposes. We get new funds that are dedicated only for these transportation purposes. The ability to take them away and put them back in the General Fund is there. That is my point.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: I share Councilmember Chock's thought and I guess it is floating around this table in general that we are going to ultimately defer this Bill today so that we can keep it alive and look at other options, as well as see what happens at the Legislature.

Committee Chair Kaneshiro: I do not know how votes will go, but I think from what we have heard we will give everybody a chance to discuss that and if people want to make the motion to defer then we can defer it. From the calendar that we saw, the Legislature closes on May 5th. We can have a Council Meeting late April on April 27th and we should already know what the State is going to do by then. We have through June to get something in because it needs to pass by July, so we would still have about two (2) months to work on this, if we wanted to defer and wait to see what the State is going to do. Obviously, we feel like we are playing poker here on who is going to do what.

Councilmember Yukimura: It seems like it would work to defer to the meeting after the Legislature closes, unless we have a need to have more thinking and open discussion on the floor because we cannot discuss it otherwise.

Committee Chair Kaneshiro: We could and it would be May 11th. Councilmember Kagawa.

Councilmember Kagawa: I want to briefly talk about my feelings about the TAT first. The TAT is about nine million dollars (\$9,000,000) a year if we go with the Working Group's recommendation to Kaua'i County. One idea I had, and you folks can use this idea, is that we lobby our Legislature and let us try and get Hawai'i Island and Maui onboard so that the three (3) of us can say, "We will not bite the poison apple and we will take the Working Group's recommendation, if you so allow us, and you can leave the City and County of Honolulu out." The major portion of the TAT is the City and County of Honolulu's portion so maybe that is something more palatable for the Legislature to offer that to the three (3) of us who do not have the one-half percent (0.5%). I think that was one angle that I had. Whether it is workable or not, I know that it is a better option because the Legislature is already frustrated that they had to give the City and County of Honolulu an extension on the current rail excise tax. That was my thought on the TAT. As far as the GET, whether it is twenty-five million dollars (\$25,000,000) or twelve million five hundred thousand dollars (\$12,500,000), if you look at the impact by just dividing it among our residents, divided by seventy thousand (70,000), you come out with twenty-five million dollar (\$25,000,000)...it would be three hundred dollars (\$350) per person. For a family of four (4), that is one thousand four hundred dollars (\$1,400). That is a huge tax increase. For the twelve million five hundred thousand dollars (\$12,500,000), you are looking at one hundred seventy-five dollars (\$175) per person; for a family of four (4), that is seven hundred dollars (\$700). This is not a small, *manini* one-half percent (0.5%), "nobody is going to feel it" kind of tax. This is big time. When we talk about eighty-three dollars (\$83) per car, I am sure the public is going to be calling our Legislators,

because I am not sure if everybody gets to read the Star Advertiser, but eighty-three dollars (\$83) per car compared to one hundred seventy-five dollars (\$175) per child, whether you are one (1) month old or ninety-nine (99) years old, everybody needs to buy food to eat, buy clothes to wear, and pay taxes when they travel. The GET is all around us, whether you are rich, poor, middle, in-between, or whatever. This is the worst kind of tax that you want to do. This kind of tax is only meant when there are no other options. For me, I really feel like I am not one hundred percent (100%) sure that if we raise the GET that we will see the results as to where I feel the public wants to see the results. Right now, you look at what we currently fix when we have major potholes on Olohena Road. The patch jobs that we do with the dry mix looks like Mr. Potato Head. I do not know if it comes like that because a rain occurred after we did the patch, but it is like Play-Doh or something. I do not know what we are doing. With a two hundred million dollar (\$200,000,000) budget, if there are major holes that develop on heavily travel roads like Olohena, I think we can do a little better. You folks should go out and see. It really looks like Mr. Potato Head. It is all over: it is in Hanapēpē and Puolo Road right along the stadium. There are bad roads all over the place. I seriously think we are spending too much of our efforts in trying to determine, as Council Chair said, how to accommodate bikers and walkers. I want to accommodate everything, believe me, like buses and so, and my comments about the bus are not just to the management, but they need the tools in order to be effective. For Celia, when employees are calling in sick and stuff, she is not a private business owner where she can just fire them. It is tough to manage an efficient public transportation and if you do not have the tools like the private sector, it is very difficult because they have got more than three (3) strikes. I think we have to work on giving Celia the tools if we want her to succeed with the expansion. Thank you.

Committee Chair Kaneshiro: I just want to clarify that the General Excise Tax is a tax on everyone. It is not just the seventy thousand (70,000) people population of Kaua'i, but on all visitors and visitor spending. So the net is spread out a little bit more. Anyone else? Council Chair Rapozo.

Council Chair Rapozo: The seventy thousand (70,000) is the vast majority. You get a tourist population of about fifteen thousand (15,000) a day, so it might be a little high. Nonetheless, I get really frustrated when I hear people say, "Well, it is only this much per year." Maybe the circle of people I know are maybe different from some of the people that you know, but some people do not have twenty dollars (\$20). Some people are making decisions between medication and food today as we speak, people I know personally. Then you add that to the other increases throughout the County and the State. We look at these little increases as individual increases, but that is not true. When the GET goes up, the pyramiding effect of this tax is going to affect people. It is not just going to be four percent (4%) or four and a half percent (4.5%) at the end sale. That product is going to have generated a higher cost to the people that sell the product or the service and it is going to be passed on. You do not need to be an economist to put in the impact and I am not that smart. I think I said it already, but the congestion—when you look at the documents that were provided, the numbers will be skewed a little bit now because of the cut in half, but when you look at page number 4, the new roads and sidewalks, then it references "Attachment F" and you look at "Attachment F," and

you folks can follow along and there is nothing on that list that is going to address congestion. Maybe the Wailua Houselots connection to the Kapa'a bypass, which I am getting a lot of E-mails against that because they said it is going to take the congestion from the bypass into the Houselots. Everything else are bridges, preventive maintenance, replace that bridge and this bridge, sidewalks, and bike lanes, but there is nothing that is going to address the congestion. On page number 5 on the list, which are the new initiatives...in talking about the new town entry to Kīlauea, connector roads between neighborhoods and so forth, Līhu'e *mauka* leg and northerly leg of the Kōloa Western Bypass, and it says, "Decisions will need to be made about developing projects to provide the most traffic relief. The County could pursue it if GET funding is available," but there is no more funding. All of the dollars are accounted for in the existing plan. I do not know what that means. On page number 6, which is something that bothers me, are the personnel requirements, the increase in positions. I do not know what the Department of Public Works' four (4) positions would be limited terms, civil service employees. I am not sure how you do that, but nonetheless, it is there. There are also thirty-four (34) positions for Transportation: twenty-four (24) bus drivers, three (3) dispatchers, two (2) mechanics, and five (5) more administrative positions. I have a problem with that and I shared that before. Again, those additional costs will have to be paid for going down the road later. Somebody has to pick up the tab on that when the tax runs out. Obviously, I do not have enough time to discuss the issue about the TAT, but I have said it at last meeting that we are not getting our fair share. At some point, we have to make that position known and I think by passing the GET, the State will feel satisfied that they have given the counties the ability to generate the revenue so they will stop jumping on our back about the TAT. Until we stand up, all four (4) counties, I think Hawai'i Island is going entertain the GET, but when I last spoke with Maui, they are not. They are not even going to put it on the agenda; they are not even going to address it. Maui is the lone wolf in this right now, as far as fighting for the TAT, but I am at the point that I think the other three (3) counties have to jump onboard and support Maui's efforts to share with the general public why the TAT is so important for the counties, because based on the discussions I have had with the leadership at the State level, we are not going to see a substantial, significant increase this year. That will make it really difficult for us. Whether we defer this or not, I am prepared to vote today because my position will not change. I do not see us moving down the road of trying to ease up the congestion. Obviously, that is just my position. Thank you.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: Council Chair mentioned those making choices between medicine and food, and those are the ones I am thinking about when I say that the GET is really regressive and should not be used...these people should not have to pay for road repairs that are caused by big trucks and a lot of people who drive on the roads. It is better to go by use. Councilmember Kagawa graphically described the need for road repair and I think we all agree that we have to repair it. Eighty-seven dollars (\$87) a year more is seven dollars (\$7) per month and surely we can pay that much to get our roads repaired. The reason we have the one hundred million dollar (\$100,000,000) bill now is because we have been subsidizing cars, trucks, and users of the roads. They have not been paying what it

takes to keep it up. People are grumbling about bus subsidies, but we are subsidizing roads big time and as Committee Chair said, we are passing it on to our kids and we just cannot keep doing that. I will some other time describe how buses will help address congestion, but I want to say that bus drivers are green jobs serving a very important function. It depends on how we are looking at these things. If as Councilmember Hooser said, bus is a service that we need for people who are choosing between medicine and food. We have to think about providing it and providing it on a greater level so more people can save money.

Committee Chair Kaneshiro: Council Chair Rapozo.

Council Chair Rapozo: I just want to say that it is great to have seven (7) people on the Council where you get advocates for different constituents, and I am here advocating for the people that cannot ride the bus, cannot ride a bike, and cannot walk on a sidewalk. There are many people that because of life in this rural community that have to drive and time is money. If you are driving from Kapa'a to Līhu'e—I still say that the west side traffic is much more severe and much worse than the Kapa'a traffic. The Kapa'a traffic is a much shorter distance, but the west side traffic is ridiculous. The worst part about the west side traffic is that you do not have an opportunity to come around that. You are stuck on that highway. In Kapa'a, everybody is cheating through the Marketplace or everywhere that they think will make a difference and it may save thirty (30) seconds off of their commute. As I spoke to the lady that was here earlier today when she brought that up, at some point on this island, we have to build a new road. We cannot expect to resolve the traffic issues with Kūhiō Highway and Kaumuali'i Highway, and the State has basically said, "Sorry, Kaua'i, we do not have the money." At some point, the County is going to have to do something, whether it is addressing the needs by looking at alternate routes that we can either condemn or using the network of old plantation roads, something has to be done at some point. The longer we wait to even address that—I think that is the frustration, that we have consultants and planners looking for everything else. We see it here. We spend a lot of money on the bike lanes and everything else and we conveniently can ignore the issue by saying that it is the State's problem and that is the State's highway, so we cannot really do much about that. We have to at least make an effort to figure out if there are any other alternatives for the County to alleviate the congestion, because it is not going to get any better. You can fill up the bus. You might take a few cars off the road, but that is not going to alleviate the traffic. Remember, the population is growing. If we do not start addressing that...that is what I hoped to see in here that there would be some funding that would address that, but we have to start someplace. When we talked earlier about being behind the ball when we were talking about the raises, we are certainly behind the ball when it comes to the highway traffic. That is all I wanted to say. Thank you.

Councilmember Yukimura: I have a question for the Chair.

Committee Chair Kaneshiro: We are in discussion, so there are no questions. I thought the Chair was going to say, "Something needs to be done and he was ready to vote for the tax." Just kidding.

Council Chair Rapozo:

I am ready to vote. We should vote today.

Committee Chair Kaneshiro: I think what it comes down to is what is our responsibility? If we have a liability, what is our responsibility to fulfill it? It is easy to say that we are not going tax anybody, but again, it is going affect our quality of life on Kaua'i. Are we going to be complacent with holes in our road? If we do not want to pay to fix it, then we are fine with it, but if we want better roads, then it is going to cost money. Right now, we obviously see that the gap is huge. We cannot just put a little money to it and fix the road problem. We need a huge infusion of money to get the roads back up to par before we can even move forward. What is my responsibility? I do not think I ever wanted to run and say that I want to raise taxes on anybody. When you look at the financials, our budget, and how we are able to generate money, I think the more we sit back, the more we are going to get punched in the face, because we increased fuel tax two cents (\$0.02) a few years ago, and then the State comes in and increases it a whole bunch now and it is like, "Hey, it is going to be even harder for us to do it," and our money goes to Kaua'i. The State's money goes all over the place. It can go to O'ahu, Maui, Hawai'i Island, but our money stays here on Kaua'i, so I would hate to get so far behind on the ball that the State takes advantage of everything and we basically get stuck saying...I mean I feel bad for our taxpayers because the State raised the taxes on vehicles, so if we are not going to raise anything, we get zero dollars. "The State is not going to give us anymore TAT," then what are we going to do? For me, we really need to look at what kind of a future do we want and do we want to be more financially stable and do we want to know that we have money for our roads? I agree with Council Chair Rapozo that I think we will need a new road eventually. For me, it is where is that money going to come from? The money is not going to fall out of the sky. Again, the only way we can get money is TAT from the State, real property taxes, fuel tax, or vehicle weight tax. Those are the only four (4) ways we can get money, or a GET, which would be spread through everybody. Again, the GET spreads out to everybody that spends money on Kaua'i. Real property tax is only our tax base for homeowners and hotels. The vehicle weight tax is only for vehicles. So you are basically spreading the net out wide with the GET, and as we start to look for money, the tax burden is going to be a lot higher if we start saying, "Not GET or real property tax." If we start going just to vehicle owners, then the smaller amount of vehicle owners are going to have to bear the larger amount of tax. I do not know. It is not an easy decision and it is not easy. I feel for the people who will be affected by the tax, but I also feel for us. Is it fair that we are in this position? I do not think so? Is it our obligation and responsibility to do something about it? I do think so. That is just my feeling. Again, we do have time on this. The State is done May 5th, so if we want to see what they do with the TAT...from my understanding, too, I heard we are not going to get any much more. Then what do we do? Are they going to beat us to the punch on more vehicle weight and fuel taxes also? Then what are we going to do? Our money stays here on Kaua'i. It is just hard. We have future obligations and we need to take care of it and we cannot continue to kick the can down the road. I am open to waiting. We look at our toolbox, leave the toolbox open as long as possible, and see what the State does. Still, I do not know where the votes would go, if we want to close GET after we find out what the State does and say, "Well, we do not want to do GET either." That is fine, too. Again, I think we should leave our toolbox open and see what options we

have as long as possible because I do not know how we are going to get money to help fix our roads or bridges. That is my main priority. Again, when the money was small and everybody was like, "Yes, that is okay. We can figure out what we are going to do." But when the money was huge, it was like, "Wow, how are we going to manage all of this?" My main priority is existing infrastructure. Then for anything else, we look at it on a case-by-case basis. If we need to put in a new road for traffic, then we need to look at it on case-by-case what is the best way to spend our money. That just my opinion. Would somebody want to make a motion to defer or are you folks ready to vote on it? Councilmember Kuali'i.

Councilmember Kuali'i: To me, there might be a difference between dealing with this today and after the period May 11th or whenever it is in the future before our deadline, if appropriate then start a new bill. What does that mean procedurally? What is the difference between having this Bill be deferred or having a new bill in May or June?

Committee Chair Kaneshiro: I think if you are going to change the intent of the bill, then a new bill would come up separately and we defer this and look at two (2) bills, but I am not sure.

Councilmember Kuali'i: In many ways, I think we need to see the new details on what we have now. How is the money being spent? Is it just half of everything that we just amended? This simple amendment changed all of this; even some of the things that Chair Rapozo was questioning that was based on the one-half percent (0.5%), so where is the whole new proposal based on the one-quarter percent (0.25%)? Why not just dispose of this today and have that new bill in the future after we work on the Legislature? The same way we are watching the Legislature, the Legislature is watching us, right? If we have a GET bill hanging, it is kind of implying to them that we are going to pass it at some point. How does that look?

Committee Chair Kaneshiro: Council Chair Rapozo.

Council Chair Rapozo: I am just thinking timeline because the deadline for the passage of the GET Bill is when?

Committee Chair Kaneshiro: July 1st, so we need to pass it in June.

Council Chair Rapozo: So you would have time.

Committee Chair Kaneshiro: If we defer it to May 11th, we have May and June.

Council Chair Rapozo: No, but I think what Councilmember Kuali'i is saying that if we just receive it, and then wait for the State, and then give the Administration an opportunity to come up with a new bill or details. Just the personnel requirement now is going to change because you do not have the funds.

Committee Chair Kaneshiro: For my opinion, I think I would rather have it get deferred and they just come in...if we want to defer it to an earlier date and have them present on a revised project list, I am open to that also. I think just by reducing it, the Administration is really going to have to prioritize further and say the projects they are going to do and what the projects are that we cannot live without. I think they have said that the auto shop is something they would pull if they did not have the money and things like that. We could look at that list with the current amended bill. Councilmember Yukimura.

Councilmember Yukimura: I think it might be worth it to defer for a shorter period. Even in the middle of our budget, we may have things, but also for more discussion. I really do not want to receive this Bill and start a new one because a new one would require a public hearing again and it is just the timeframe. It is better to have a bill existing, but that does not preclude other bills from coming forth. I will tell you that the Legislature will feel that we are responsible if we are trying to address our needs. We should never frame the TAT request as something that is going to help us pay for anything. They are not going to like that. I think we have to say that we are paying it to offset tourist impacts. That is a very powerful position for us, I believe. I do not see the pending GET Bill being a big problem. They have other reasons that they are not going for it. If we are the County with Honolulu that are exercising a GET, they are not going to be able to exclude those two (2) and include...if they are going to give us TAT, they are going to give it to everybody. We still have impacts from tourism. That is our grounds for asking for TAT.

Committee Chair Kaneshiro: Council Chair Rapozo.

Council Chair Rapozo: The amendment today did not put a split, so there is no split. It is going to be very difficult for the Administration to come up with a project list because there is no split. It is going to be determined by the Administration and the Councils of the future. It is not like how it was where we get "x" amount of dollars for capital improvements because there is no split anymore. One-quarter percent (0.25%) will come to the County and whether it is in that GET line in the budget, the Administration at that time, which will be a new Administration and the Council at that time, which will be a new Council, because at least two (2) of us will be off that Council.

Councilmember Yukimura: Not in 2018.

Council Chair Rapozo: You and I will be gone in 2018 and the crowd roars.

Councilmember Yukimura: No, the election is in 2018, but we will be selected, right? I mean that we will not be running for.

Council Chair Rapozo: You love to argue with me, Councilmember Yukimura.

Councilmember Yukimura: We will be there in January 1, 2018.

Council Chair Rapozo: Yes, the budget is in March though. Anyways, there is no real...what is the plan? It really is irrelevant to the discussion because we know what the money will be, but there is not going to be a required appropriation for bus, roads, or whatnot. I just wanted to make that point.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: Well, as Councilmember Kagawa said and also the Managing Director, they would come up with projects and justify the projects as being the highest priority for those moneys that has a certain rationale to it. As we continue the discussion, because I am going to be proposing other revenue-raising sources, we can see how that is going to work, too. So we can always re-amend the Bill and that is why I wanted to present a comprehensive plan. Even with Committee's Chair priority of existing infrastructure, I do not know that we are going to be able to address that with the one-quarter percent (0.25%). We still have problems to solve, so let us just leave all the tools on the table and let us see how we can pull it together as we can go through further discussion.

Committee Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: I am still on the deferral. I could go for a sooner date because I think there is more work to be done, but if the body would prefer to move to May 11th, I just think the work needs to get done anyways. We would just be able to do it here and problem-solve together. If not, then everyone will work on it individually and come back in May.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: How about April 13th? We can just defer it to then and if we do not want to have any discussion then we can just defer it again. If we happen to have other things to talk about like new developments that have happened or something that has come up in our budget reviews, we will have a chance to integrate all of that by having it on the agenda.

Committee Chair Kaneshiro: I am open to what the Committee wants to do. I think if we are going to have the meeting then we should probably specify what we want. I think it would be prudent to have the Administration go back and reprioritize. Even though that may not be what follows through into 2018, I think it would probably be a good stepping stone if the new Administration comes out; rather than redo all of the plans, they could at least look at it and it may adjust somewhat, but at least we can kind of have an idea of what the priority is now and maybe it might have the same Administration and maybe not. If I was coming in, I would be more than happy to see that information than have to create it myself.

Councilmember Yukimura moved to defer Bill No. 2610, as amended to Bill No. 2610, Draft 1, to the April 13, 2016 Committee Meeting, seconded by Councilmember Chock.

Committee Chair Kaneshiro: Can I get a roll call vote?

The motion to defer Bill No. 2610, as amended to Bill No. 2610, Draft 1, to the April 13, 2016 Committee Meeting was then put, and carried by the following vote:

FOR DEFERRAL:	Chock, Hooser, Yukimura, Kaneshiro	TOTAL – 4,
AGAINST DEFERRAL:	Kagawa, Kualī'i, Rapozo	TOTAL – 3,
EXCUSED & NOT VOTING:	None	TOTAL – 0,
RECUSED & NOT VOTING:	None	TOTAL – 0.

Ms. Yamauchi: Four (4) ayes.

Committee Chair Kaneshiro: This is deferred. Seeing no further business, the Budget & Finance Committee is now adjourned.

There being no further business, the meeting was adjourned at 6:57 p.m.

Respectfully submitted,



Codie K. Yamauchi
Council Services Assistant I

APPROVED at the Committee Meeting held on April 13, 2016:



ARRYL KANESHIRO
Chair, BF Committee

(March 2, 2016)

FLOOR AMENDMENT

Bill No. 2610, Relating to Establishing a General Excise and Use Tax Surcharge

Introduced by: MASON K. CHOCK (By Request)

Amend Bill No. 2610, SECTION 2, Section 5-3.2 to read as follows:

“Sec. 5-3.2 All moneys received from the state derived from the imposition of the surcharge established under this article shall be deposited into [the Highway Fund] a special GET Surcharge Fund and expended for the following purposes authorized by state law:

(a) Operating or capital costs of public roadways, pedestrian paths, sidewalks, bicycle paths, compliance with the Americans With Disabilities Act of 1990, and safe routes to school (75%); and

(b) Operating or capital costs of public transit systems, including compliance with the Americans with Disabilities Act of 1990 (25%).”

(Material to be deleted is bracketed. New material to be added is underscored. All material is new.)

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(February 3, 2016)

FLOOR AMENDMENT

Bill No. 2610, Relating to Establishing a General Excise and Use Tax Surcharge

Introduced by: JOANN A. YUKIMURA

Amend Bill No. 2610 as follows:

1. Amend proposed Sec. 5-3.1 to read as follows:

“Sec. 5-3.1 Pursuant to Section 3 of Act 240, Session Laws of Hawai‘i, Regular Session of 2015, codified as Section 46-16.8 of the Hawai‘i Revised Statutes, there is hereby established a [~~one-half percent (0.5%)~~] one-quarter percent (0.25%) general excise and use tax surcharge to be used for purposes of funding the operating and capital costs of public [~~transportation~~] transit systems and pedestrian and bicycle improvements within the County of Kaua‘i as specified herein. The excise and use tax surcharge shall be levied beginning January 1, 2018.”

2. Amend proposed Sec. 5-3.2 to read as follows:

“Sec. 5-3.2 All moneys received from the state derived from the imposition of the surcharge established under this article shall be deposited into the [Highway] Fund and expended for [the following purposes authorized by state law:

(a) Operating] operating or capital costs of [public roadways,] public transit systems and other improvements related to pedestrian paths, sidewalks, bicycle paths, compliance with the Americans With Disabilities Act of 1990, and safe routes to school [(75%); and

(b) Operating or capital costs of public transit systems, including compliance with the Americans with Disabilities Act of 1990 (25%).] as authorized by state law.”

(Material to be deleted is bracketed. New material to be added is underscored. All material is new.)

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(February 3, 2016)

FLOOR AMENDMENT

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2. Amend proposed Sec. 5-3.2 to read as follows:

“Sec. 5-3.2 All moneys received from the state derived from the imposition of the surcharge established under this article shall be deposited into the Highway Fund and expended for the following purposes authorized by state law:

- (a) Operating or capital costs of public roadways, pedestrian paths, sidewalks, bicycle paths, compliance with the Americans With Disabilities Act of 1990, and safe routes to school [(75%)] and
- (b) Operating or capital costs of public transit systems, including compliance with the Americans with Disabilities Act of 1990 [(25%)].”

(Material to be deleted is bracketed. New material to be added is underscored. All material is new.)

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